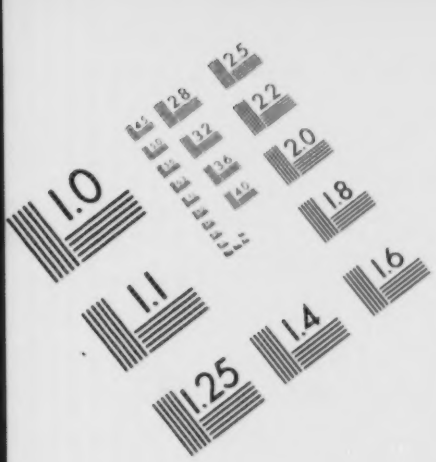

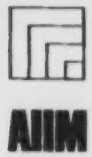

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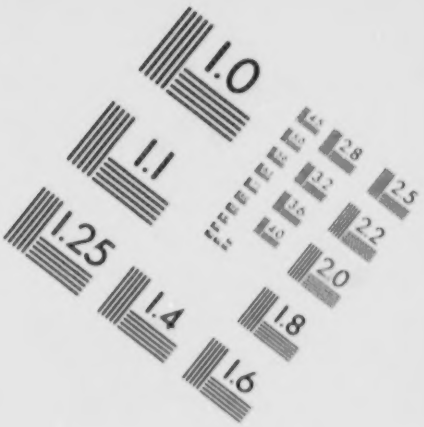

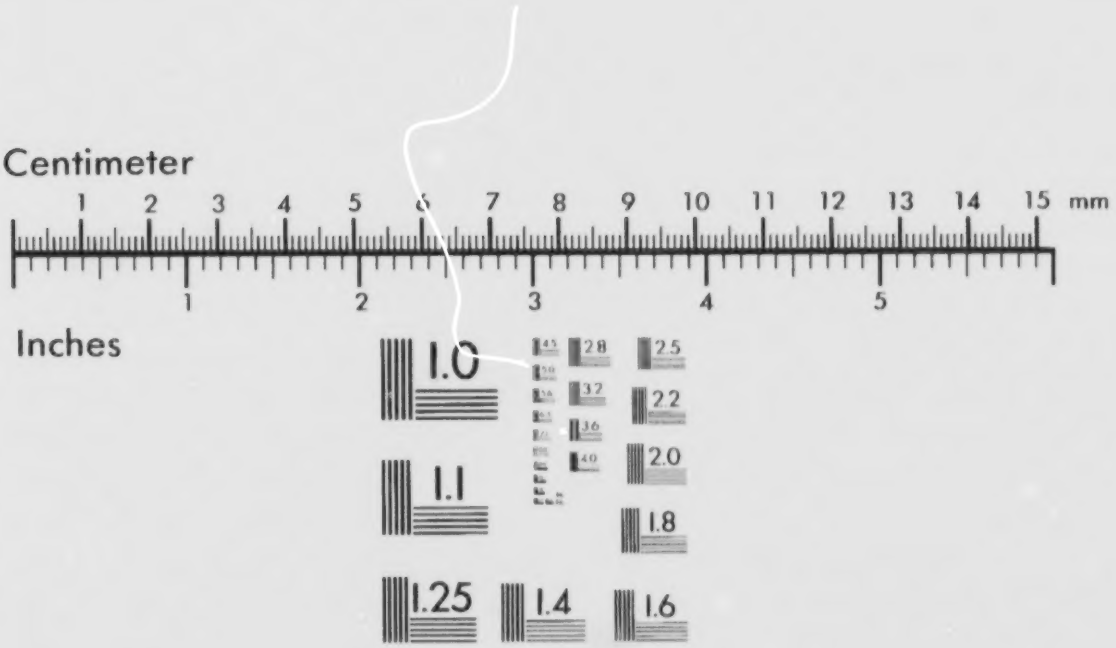

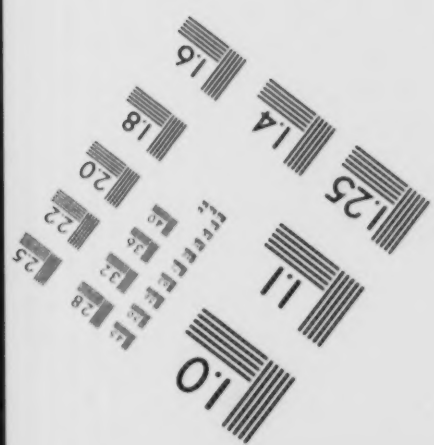

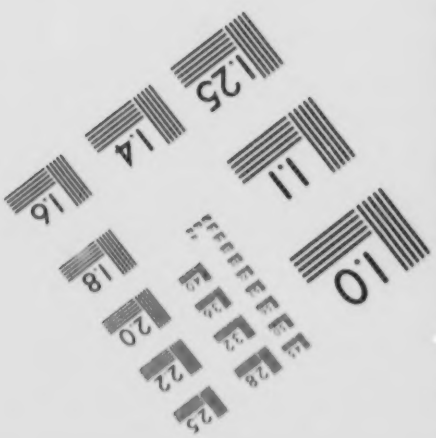

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DOCUMENT RESUME

ED 477 400 CE 085 055

AUTHOR	Lowe, Graham S.
TITLE	Employer of Choice? Workplace Innovation in Government: A Synthesis Report.
INSTITUTION	Canadian Policy Research Networks Inc., Ottawa (Ontario).
ISBN	ISBN-1-896703-45-3
PUB DATE	2001-00-00
NOTE	107p.; Also available in French as "Employeur de choix? Innovation en milieu de travail dans le secteur publique, Un rapport de synthŠse".
AVAILABLE FROM	Renouf Publishing Company Limited, 5369 Canotek Road, Ottawa, Ontario K1J 9J3 ($11.50). Tel: 613-745-2665; Fax: 613-745-7660. For full text: http://www.cprn.org/docs/work/ecw_e.pdf.
PUB TYPE	Information Analyses (070)
EDRS PRICE	EDRS Price MF01/PC05 Plus Postage.
DESCRIPTORS	Adult Education; Adult Learning; Aging (Individuals); Case Studies; *Change Strategies; Comparative Analysis; Compensation (Remuneration); Definitions; Demography; Employer Employee Relationship; Employment Patterns; *Employment Practices; Employment Qualifications; Flexible Working Hours; Foreign Countries; Futures (of Society); Information Technology; Innovation; Job Performance; Labor Force; Labor Force Development; Labor Needs; Lifelong Learning; Models; National Surveys; Needs Assessment; *Organizational Change; *Personnel Management; Population Trends; Postsecondary Education; Private Sector; *Public Agencies; Public Sector; Quality of Working Life; Reduction in Force; Research Design; Research Methodology; Research Projects; Synthesis; Training; Trend Analysis; Unions; *Work Environment
IDENTIFIERS	*Canada; Impact Studies; Learning Organizations

ABSTRACT

The Human Resources in Government project examined the impact of extensive downsizing and restructuring in Canada's public service sector and sought innovative ways of making Canada's governments "employers of choice." The project focused on Canada's federal government and the governments of Alberta, Manitoba, Ontario, and Nova Scotia. The project's main finding was that Canada's government agencies must become more flexible, knowledge-intensive, and learning-based workplaces. The project established that, as of the late 1990s, the five governments studied had not moved very far on creating the conditions enabling more innovative approaches to work organization and human resource management. Although training and information technology were generally in place, some of the governments and work units studied were lagging behind. Although innovative workplace practices were progressing at a fairly impressive pace when compared to the private sector, there remained a large untapped potential for organizational reform to improve the quality of working life and contribute to workforce renewal. The importance of building knowledge-based organizations, implementing creative recruitment and retention strategies, creating rewarding work environments, and resolving compensation dilemmas was emphasized. (A discussion of the

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design and methodology of the Human Resources in Government Project is appended. Fifty-seven endnotes and the names/addresses of the project's advisory committee members are included.) (MN)

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Employer of Choice? Workplace Innovation in Government

A Synthesis Report

Graham S. Lowe

2001

CE085055

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ISBN 1-896703-45-3

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Available from:

Renouf Publishing Co. Ltd.
5369 Canotek Road
Ottawa, ON K1J 9J3
Tel.: (613) 745-2665
Fax: (613) 745-7660
Home Page: http://www.renoufbooks.com

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Foreword

Some of the earliest studies published by the Work Network of CPRN focused on the changing nature of work and the tumultuous workplace change provoked by industrial restructuring. All of this research focused on the private sector workplace. Yet governments too have gone through massive restructuring, and we know that the work done in the public sector is knowledge and technology intensive. What then has been happening to workers and the workplaces in public administration?

It turns out that this is mostly unexplored territory. When governments themselves examine workforce issues, they tend to focus either on occupational groups such as clerical or management staff, or on the people who work in a department or ministry. But departments and ministries include hundreds, if not thousands, of employees working in dozens, if not hundreds, of diverse workplaces. These workplaces are the basic operating units of government, where a manager and a group of employees or colleagues have a mandate to produce a particular service.

So, taking the knowledge we had accumulated from workplace studies in the private sector, CPRN approached a number of federal and provincial governments in late 1996 about partnering in a study that would engage employer, employees, and union representatives. It was a sensitive time for all these players because the restructuring process was still underway. In the end, four provinces – Alberta, Manitoba, Nova Scotia, and Ontario, three federal agencies – Human Resources Development, the Public Service Commission, and Treasury Board Secretariat, and the Public Service Alliance of Canada joined the enterprise. From the time of the first workshop, in 1996, it was agreed that the project would focus on the renewal of the public service.

Together with the CPRN research team, these organizations designed the survey of workplace managers, a survey of union reps, a number of case

studies, and a number of contextual studies focused on the macro-environment, such as compensation trends, collective bargaining, and a broad portrait of the public sector workforce. A number of provincial public service unions collaborated in the survey of union reps. See Appendix A for a full list of research papers.

This report summarizes for a more general audience what we learned from this array of studies. It portrays a sector of the Canadian economy in transition, and, somewhat surprisingly, a sector which is at the leading edge of workplace change. It is at the leading edge in many ways: first, public service employers will be the first to confront the full effect of the demographic shift as the baby boomers retire; second, a high proportion of public service employees are knowledge workers being asked to perform in a hierarchical setting, and third, public servants have already made considerable headway in workplace innovation.

Because we were entering new research territory and working with five different jurisdictions, the project was a challenge for CPRN. Gordon Betcherman, the founding Director of the Work Network launched the project and created the research design with our partners. When he left CPRN in July 1998, Kathryn McMullen took over the management of the project, and, working with her, Graham Lowe, the new Director of the Network, has given leadership to the closing stages of the work and he is the author of this final report. All three of them deserve a medal for both courage and endurance. Our public sector and union partners also deserve medals for adapting to the exigencies of such an ambitious research process, during a time when all were preoccupied with organizational change. We thank them, the academics who produced many of the studies, and the other members of our Advisory Committee for their support.

The decision in 1996 to focus on renewal was fortuitous. All five jurisdictions are now fully engaged in workforce renewal, and many have set the goal of becoming an employer of choice. We sincerely hope that this report and its related studies will give new momentum to the important process of renewing Canada's federal and provincial public services. Their success in renewal will add immeasurably to our capacity as a country to cope with the challenges of the 21st century.

Judith Maxwell
January 2001

Executive Summary

Canada's governments want to become "employers of choice." Many are striving to be more flexible, knowledge-intensive and learning-based. Reaching these goals will require nothing short of a bold new human resource strategy that can promote change within each government workplace – a strategy that encourages innovative ways of organizing, managing, supporting and rewarding people. How a government meets these challenges will determine its success in providing citizens with the high quality services they need and want.

This is the main conclusion from the Canadian Policy Research Networks' Human Resources in Government (HRG) Project, which examines the impact of extensive downsizing and restructuring in the public service during the 1990s in five jurisdictions (the federal government and the provinces of Alberta, Manitoba, Ontario and Nova Scotia).

Innovative Ways of Doing Government Work

While much remains to be done, we found pockets of innovation within the five governments studied in the HRG Project. These work units have moved away from the traditional bureaucratic model of work toward a new more flexible model. What is significant about this direction for workplace reform is its potential to integrate two key objectives: improved quality of work life and more effective public services, both of which are essential for revitalizing government.

The report defines workplace innovation as a "bundle" of practices in the following areas of human resource management and work organization:

- Functional flexibility (use of job enrichment, job enlargement, multi-skilling/ job rotation, self-directed work teams);

- Flexible schedules;
- Training;
- Formal participation programs; and
- Information sharing.

Just over one in four (28 percent) of the work units we surveyed scored high on at least three of these five indicators of innovation. There is a sixth indicator of innovation – flexible compensation – which rarely occurs in the public sector.

Work unit managers play a pivotal role in creating workplace innovation. A prerequisite for innovation is a manager who has the autonomy to take a leadership role in initiating change. In addition, the most innovative work units had experienced substantial changes to the content of the work performed and made more extensive use of information technology. Because collective bargaining is highly centralized, there was little evidence of union participation in the innovations that have taken place so far.

Enabling Conditions for Innovation

There is no universal formula for the emergent flexible model that has the potential to transform government bureaucracy. The most constructive role in this regard for central agencies, in cooperation with departmental human resource professionals and unions, would be to create the *enabling conditions* for positive changes to occur within workplaces. They are:

- Document the impact of organizational change;
- Share information about flexible practices;
- Decentralize authority for workplace change; and
- Remove barriers to innovation; and
- Encourage union-management collaboration.

Setting in place these enabling conditions will help to create a virtuous circle of innovation inside government workplaces. But closing the circle also requires immediate actions to address the following sets of issues: learning and skills; recruitment; the quality of work environments; and compensation.

Building Knowledge-based Learning Organizations

Governments are technology-intensive, which is partly what makes them knowledge-based organizations. There is an organic relationship between the use of technology, skill development and new forms of work organization. As a tool, information technology is only as useful as the organizational context in which it is imbedded. This requires careful attention to finding the optimum fit between technology and the people who use it.

Supporting skill development and active learning – as well as the use of these capacities – must be a key goal of governments' human resource development plans. Governments train more than most Canadian employers. Yet there is not enough training to keep up with the rapid pace of organizational and technological change. Governments have yet to become learning organizations.

Creative Recruitment and Retention Strategies

The demographic crunch that governments face as many of their employees reach retirement age demands creative approaches to human resource management. As baby-boomers are replaced, the workforce will become more diverse in terms of age, experience and cultural backgrounds.

A variety of recruitment strategies will be required in order for governments to meet their needs for succession planning and new talent. Needed is a realignment of public service careers with the rapidly changing context and content of government work. For example, a flatter, team-based form of organization that values horizontal career mobility may be better adapted to current and future demographic trends.

Also central to workforce renewal is the goal of making government workforces more representative of Canadian society. This goes beyond meeting the "numbers" established as equity targets to address the different career and personal needs of diverse employee groups, whether due to cultural background, gender, or different stages of the life course.

Rewarding Work Environments

A more holistic view of work values and rewards will help to make recruitment and retention goals more attainable. The growing proportion of knowledge workers in government is raising the bar when it comes to intrinsic job rewards, placing higher priority on creating extensive opportunities for challenging and meaningful work.

This is especially important for public sector employers who in many areas of "knowledge work" cannot match the salaries offered in the private sector. So the attractions of jobs that come from a high quality work environment, good career development opportunities, and fulfilling work have become indispensable for finding and keeping talented staff.

To the extent that governments can offer personally rewarding work, they stand a better chance of attracting and keeping motivated and skilled workers of all ages. Providing all employees greater autonomy, opportunities for participation, recognition, feedback and information could be seen as prerequisites for gaining the motivation and commitment needed for optimum job performance from all employees.

Resolving Compensation Dilemmas

Governments and public employee unions face a formidable task when setting or negotiating appropriate employee compensation levels, given the broader labour market and demographic trends described in the report. One of the greatest dilemmas ahead for government employers is finding a balance between equity principles and the need to respond to a far more competitive labour market.

Furthermore, governments' rising skill requirements will concentrate growth in knowledge-based jobs. Consequently, governments' overall wage bills will experience upward pressure from skill shortages in the labour market and the need to retain and recruit knowledge workers.

In order to address these dilemmas, three complementary changes are required. The first is a less rigid approach to compensation, based on

variable pay tied to performance contracts and specific skill sets – an approach that unions have so far opposed. The second is through non-monetary job rewards, which would augment pay incentives by designing public service jobs to be more personally rewarding to potential recruits and continuing employees alike. The third and perhaps most pressing change is to address the heavy workloads that resulted from cuts and restructuring in the 1990s. For existing workers, this may be an important aspect of workplace renewal.

The State of Progress

By the late 1990s, the state of progress toward more innovative approaches to work organization and human resource management in the five jurisdictions we studied can be summarized as follows:

- These five governments have not moved very far on the enabling conditions, suggesting that central agencies can do a lot more to foster a climate of workplace renewal, especially in terms of labour-management collaboration and the delegation of authority to work unit managers.

- While training and information technology – foundational for knowledge-based organizations – generally are in place, some governments and work units lag behind and so must quickly catch up.

- While innovative workplace practices are progressing at a fairly impressive pace in government when compared with the private sector, there remains a large untapped potential for organizational reform that will improve the quality of working life and contribute to workforce renewal. Thus it is especially important that every government work unit reflect on how flexible, innovative practices can be adopted.

We are convinced that current pressures on governments to renew their workforces and reform their workplaces present an opportunity to make substantive progress toward two interconnected goals – a better quality of working life for the knowledge workers who will dominate public service work in the 21st century, and a more efficient and effective public service.

In the current and prospective environment, governments have no choice but to become employers of choice. This research suggests that it can be done.

Acknowledgments

The Human Resources in Government Project was funded by three federal agencies (Human Resources Development Canada, the Public Service Commission, and Treasury Board of Canada, Secretariat), four provincial governments (Alberta, Manitoba, Nova Scotia, and Ontario) and the Public Service Alliance of Canada. Public-employee unions in the four participating provinces also cooperated with the study, providing in-kind resources. Ekos Research Associates conducted the two surveys.

The project was guided by an Advisory Committee comprised of representatives from each of the sponsoring organizations and a number of academic experts in the field. In particular, Deirdre Gallagher, Barbara Ireland, Morag McLean, Paul Mercier, and Heather de Berdt Romilly were our key links with the study's sponsors, facilitating the flow of research information and the approvals required to conduct the survey.

Many other individuals also contributed to the success of the project. Kathryn McMullen at CPRN managed the project from start to finish and contributed to all aspects of the research process. Joe Peters and Katie Davidman, also CPRN researchers, conducted parts of the research and Joe Michalski, a CPRN research associate, provided data analysis assistance for this report. Judith Maxwell offered detailed comments on drafts of this report, as well as on the research direction and design. Numerous academic researchers also contributed background studies and expert advice (Gene Swimmer, Anil Verma, Morley Gunderson, Doug Hyatt, Craig Riddell, Zsuzsanna Lonti, Sandra Rastin, Terry Wagar, Joseph Rose, Paul Phillips, Carolina Stecher, Yonatan Reshef, Mark Thompson, Sandra Bach, Roy Adams and Evert Lindquist). Helpful comments on earlier drafts were provided by Gordon Betcherman, Alphonsus Faour, Deirdre Gallagher, Mary Gusella, Evert Lindquist, Zsuzsanna Lonti, Lynn MacFarlane, Judith Maxwell, Kathryn McMullen, Anil Verma and David Zussman.

1. *Introduction*

Canada's federal and provincial public service has experienced more than a decade of upheaval. The role, size and structure of government have dramatically changed. So too have government workforces, especially in their demographic makeup, skills and working conditions. Public administration reforms in the 1990s emphasized deficit reduction, downsizing and alternative forms of service delivery. A new phase of reform, now underway, has shifted attention to human resources, specifically how governments can engage in massive workforce renewal by becoming "the employer of choice."

The purpose of this report is to facilitate a broad and comprehensive approach to human resource renewal. The report argues that the human resource challenges ahead involve far more than recruitment and retention – they demand nothing less than new ways of doing government work and rewarding public sector workers for their contributions. How a government meets these workforce and workplace challenges will determine its success in providing citizens with the high quality services they need and want.

Drawing insights from the Canadian Policy Research Networks' Human Resources in Government (HRG) Project, the report examines the impact of extensive downsizing and restructuring in the public service during the 1990s in the five jurisdictions that sponsored the research: the federal government and the provinces of Alberta, Manitoba, Ontario and Nova Scotia. The HRG Project makes three unique contributions to ongoing dialogue and action aimed at creating the 21st century public service.

First and foremost, the research complements previous studies of public service reform by presenting a unique view of what actually is happening inside government workplaces, where changes in work practices and organizational contexts are most accurately documented. Previous analysis of

public service employment issues focused on departments, ministries or occupational groups – all useful for addressing large systemic issues. However, the HRG Project's workplace focus is essential to public service renewal because this is where the work gets done and, therefore, where change needs to be successful for public services to improve. So we are able to show how managers, employees and unions responded to pressures for public service reform in the 1990s, and most important, how some workplaces have developed innovative approaches to managing and organizing work. This emergent model – what we call the flexible workplace – has the potential to be an active ingredient of public service renewal in the coming decade.

Second, the HRG Project integrates both management and union perspectives on changes in working conditions, work practices and human resource management within workplaces. To achieve this, we conducted two surveys, one of 802 work unit managers in 1998 and the other of 530 front-line union representatives in 1999. In the first survey, work units averaged about 30 workers and ranged in size from 5 to 100. Survey samples are representative of work units in the five participating jurisdictions (see Appendix A for details). Findings from these complementary surveys help to identify the workplace choices that are required to make the public service more responsive and effective – and a great place to work.

Third, the HRG Project examines workplace-level human resource management issues within the broader context of demographic and occupational trends, compensation pressures and a deteriorated public sector industrial relations climate in the 1990s. We show that the challenges ahead go beyond recruiting and retaining staff to include human resource development, work reorganization, compensation and industrial relations issues – all of which are connected. Adding to this complex mix of change pressures is the coming wave of baby-boom retirements. We argue that this demographic trend does not itself constitute a crisis for government employers. Rather, it is the collision of demographics with these workplace, compensation and industrial relations pressures – at a time that citizens and politicians expect higher quality public services – that could precipitate a crisis in Canada's federal and provincial public administration if the right choices are not made over the next five years. How creatively managers, unions and employees respond to these change forces will determine a government's success in meeting what have become high-priority goals:

building a knowledge-intensive and learning-based public service and becoming an "employer of choice" for current and future staff.

To address these issues, this report is organized as follows:

- Section 2 describes old and new models of government workplace organization, arguing that a more flexible and innovative model is beginning to emerge.

- Section 3 documents the internal and external pressures for change in the work of government, including the lingering effects of downsizing and restructuring, the extensive use of information technology and the shift toward more knowledge and skill-based work.

- Section 4 examines the demographic "crunch" created by rapid aging, a lack of renewal in the 1990s, the imminent retirement of the baby-boom generation and the implications of these trends for employment equity goals and recruiting young workers.

- Section 5 addresses public sector compensation issues, presenting an analysis of public-private sector pay differences and points out the importance of non-monetary job rewards.

- Section 6 relies on the Survey of Workplace Issues in Government and the Survey of Union Representatives to investigate the nature and extent of innovative workplace practices in government, showing that a significant minority of work units have introduced elements of the "flexible" workplace model.

- Section 7 documents the climate of union-management relations, the role of unions in workplace change and union responses to restructuring.

- Section 8 draws together the major implications of the HRG Project for government employers, employees and unions as they formulate action plans for renewal.

Box 1

The Human Resources in Government Project

The Human Resources in Government Project, on which this report is based, has six components:

1. a *Survey of Workplace Issues in Government* (SWIG), which offers a rare glimpse from a manager's perspective into how front-line units were restructured in a three-year period (1996-1998);

2. a *Survey of Union Representatives* (SUR), which examines from a union perspective the process of change within work units during the same period and its impact on labour relations, union members and unions;

3. an analysis of government employment trends since the 1970s;

4. a comparison of pay differences between the public and private sectors;

5. a study of the transformation of labour relations in government at the federal and provincial levels during the 1990s; and

6. four case studies that illustrate the kinds of workplace changes that clearly have significant implications for how government employees do their work and for how they are managed.

See Appendix A for details of the methodologies used in each of the above studies.

2. *The Emerging Government Workplace*

To set the stage for our presentation of the key research findings from the Human Resources in Government Project, this section compares the traditional bureaucratic model of government workplaces with an emerging model that is more flexible, knowledge-based and skill-intensive. These contrasting models of the old and the new workplace are intended as tools to aid government managers, unions, employees and the public to understand the choices, trade-offs and often contradictory pressures that government faces.

From Bureaucratic to Flexible Workplaces

Figure 1 presents stylized versions of these models as a tool for examining changes at the workplace level. A major insight arising from the HRG Project is that workforce renewal depends on workplace reforms aimed at making governments more attractive and productive places to work. Our research suggests that the emerging "flexible" model of government workplaces has the potential to create these conditions and, furthermore, that this flexible approach is evident in just over one in four workplaces within the five jurisdictions we studied.

Since the mid-1980s, there has been mounting pressure to reform the old-style bureaucratic systems of government. Influential in this regard have been calls for the introduction of private sector ideas into public administration. Most clearly articulated under the New Public Management (NPM) banner, this approach advocates that governments become smaller, leaner, less involved in actual service delivery and more attentive to efficiency, results and costs.[1]

According to the managers who participated in the Survey of Workplace Issues in Government, workplace restructuring has been driven mainly by

Figure 1

Old and New Workplace Models

Declining	Emerging
THE BUREAUCRATIC WORKPLACE	**THE FLEXIBLE WORKPLACE**
Implemented in the early 20th-century to eradicate patronage and create a career civil service:	*International research shows that when "bundled," these innovative practices can improve performance and the quality of work life:*
• multi-layered, rigid hierarchical structure	• flatter, more fluid organizational form
• top-down chain of command	• employee participation in decisions, shared information
• specialized division of labour, narrow job descriptions	• extensive team work
• majority of workers performed routine administrative tasks	• more skilled and knowledge-intensive jobs
• driven by rules and regulations	• delegated responsibility
• training	• learning
• vertical career mobility for a minority	• horizontal and spiral career paths
• work environment issues not important	• healthy, supportive work environment

this "concern with results," as expressed in NPM thinking. This factor was the most frequently mentioned by unit managers (68 percent) as "extremely important" in influencing changes in what their unit did over the three years prior to the survey (see Figure 2).[2] Just over half of the managers cited budget constraints and shifting government policy and program priorities as "extremely important" influences on their unit's work. Specific measures of public accountability (i.e., better quality or more services; need to better inform citizens; need to pay greater attention to the views of citizens) were less likely to be ranked as "extremely important," but this is largely because only 28 percent of managers in the survey ran units that provided direct services to the public. When these public service goals are combined with the importance placed on "results," it is clear that during the 1990s the quality and quantity of government work came under greater scrutiny.

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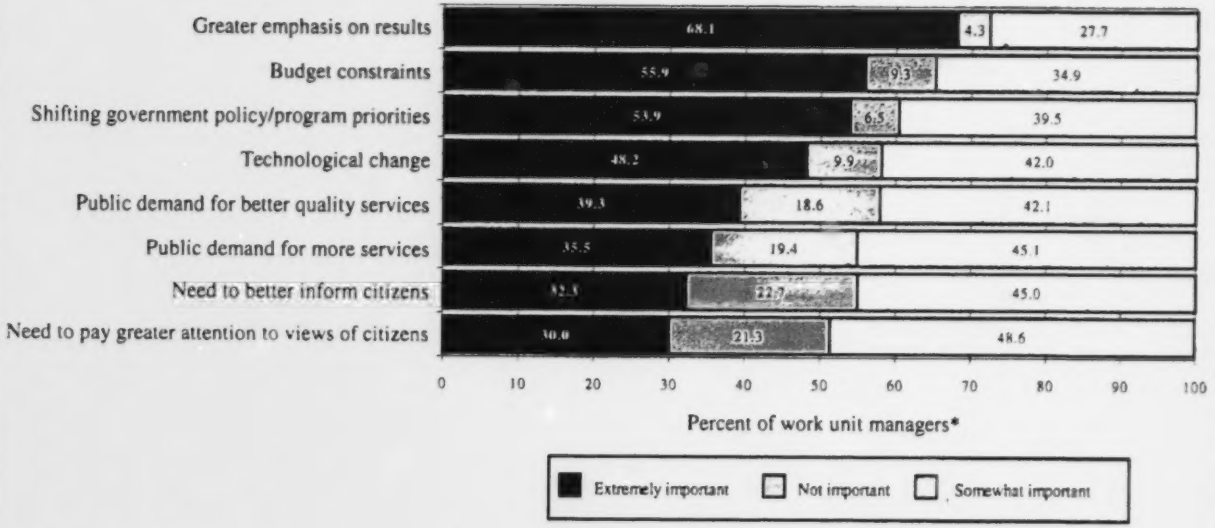
Figure 2

Pressures to Restructure Government Work and Workplaces, Five HRG Project Jurisdictions, 1996-98



* Based on responses to the question: "How important has each of the following factors been in determining what you do now compared to three years ago?"

Source: Survey of Workplace Issues in Government.

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However, beyond advocating the kinds of performance-based compensation and staffing practices used in the private sector, the NPM approach to reforming government bureaucracy does not present new ways to organize work and manage human resources. Recent versions of NPM have advocated greater "empowerment" of front-line workers, but this falls short of articulating the organizational and human resource management changes needed to achieve this goal.[3]

Far more useful than NPM, then, for developing a robust model of the new government workplace is the literature on "workplace innovation." Also drawing mainly on private sector experience, research on workplace innovation offers an integrated new approach to human resource management, job redesign and work reorganization. The basic thrust of these practices is to create workplaces that treat workers as assets to be invested in, rather than costs to be controlled. This is the flexible workplace model described in Figure 1.

The Virtuous Circle of Workplace Innovation

A compelling reason to take a close look at innovative workplace practices is the growing evidence that when "bundled" together into a comprehensive human resource strategy, these practices can have positive outcomes for both organizational performance and workers' quality of work life. For example, case studies conducted by the Workplace Information Directorate at Human Resources Development Canada identified the following benefits of "high-performance" workplaces: lower quit rates; fewer layoffs, accidents and grievances; higher worker morale and job satisfaction; low absenteeism and stress; and productivity gains.[4] This emerging model has been called the "flexible" workplace, the term we prefer in this report, although the same features have been variously referred as the "high performance," "high-trust – high skill," or "high involvement" workplace.[5]

Interestingly, these are not new ideas within Canadian public administration. As early as 1988, the federal Auditor General's report, *Well Performing Organizations* gave shape to a similar model for doing government work. Specifically, effective public service organizations were found to share the following characteristics: an emphasis on people; participative leadership; innovative work styles; strong client orientation; and a mindset that seeks

optimum performance.[6] Otto Brodtrick, the report's author, concluded that: "An ideal public service would be responsive to the public, productive in its use of the taxpayer's money and satisfying to public servants – the people who actually turn the cranks – as a workplace. I think we have in the past paid too little attention to the third of these elements."[7]

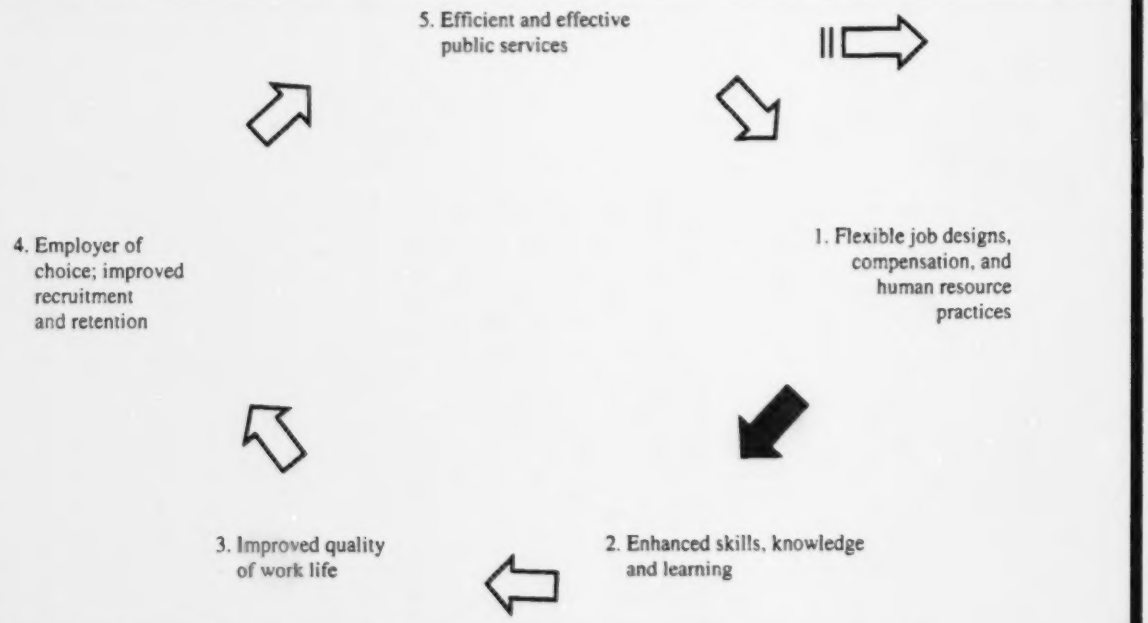
The idea that an effective public service depends on how people are treated at work must anchor governments' renewal agenda. As the Organisation for Economic Co-operation and Development (OECD) argues in its research on international public service reform, people management is a core element of broader reforms.[8] The HRG Project reinforces these ideas, documenting that a critical mass of workplaces in the five jurisdictions already are moving in this direction. In decline is the traditional, bureaucratic system of government administration, which lacks the needed capacity to adapt and innovate. The emerging workplace is more flexible and responsive. Its defining features are "clustered" human resource management and work design practices that encourage skill development, employee participation, delegated responsibility, horizontal rather than hierarchical careers, teamwork and flexible work arrangements. In short, the new flexible workplace model places high priority on supporting employees to develop and use their skills and knowledge, based on the assumption that this approach contributes to improved organizational performance and improved quality of working life, a key ingredient in successfully recruiting and keeping staff.

As a prelude to the discussion in Section 6 below, we want to let readers know at the outset the specific conclusions arising from the HRG Project's two surveys. Figure 3 presents what can be called a "virtuous circle" of ingredients for achieving innovative government workplaces. What signifies workplace innovation is the intensive use of "bundled" flexible job designs, compensation and human resource management practices. This increases the opportunities for employees to develop and use their skills and to engage in ongoing learning. Flexible job designs are important in this regard because they empower employees to take learning initiatives and give them more say in determining how best to do their jobs. In turn, the more active engagement of workers in flexible, rewarding jobs will improve their quality of work life.

Closing the "virtuous circle" requires a comprehensive focus on human resource development and management at both micro and macro levels. As

Figure 3

The Virtuous Circle of Workplace Innovation in Government


5. Efficient and effective public services
1. Flexible job designs, compensation, and human resource practices
2. Enhanced skills, knowledge and learning
3. Improved quality of work life
4. Employer of choice; improved recruitment and retention

Source: Adapted from: G. Betcherman, K. McMullen and K. Davidman (1998), *Training for the New Economy*, Ottawa: CPRN, p. 68.

explained in Section 6, enabling conditions – such as extensive information sharing about workplace and workforce issues, greater local manager autonomy so they can take strong leadership roles as change champions, and union-management collaboration in the change process – must be in place. Crucial for public service renewal, then, is nurturing the organic links between enabling conditions, workplace innovation, and positive outcomes for employees, government employers and the public. The forces driving this shift from the bureaucratic to the flexible government organization are the demographic crunch and resulting recruitment and retention pressures, the rising skill requirements of government work, and a new political environment that places premiums on the quality and efficiency of public service.

For government employers, the big potential payoffs of workplace innovation will be seen in two areas: meeting workforce renewal goals and creating conditions that could enhance the quality of public services. Ultimately citizens are the beneficiaries of workplace innovation. These positive outcomes for the government as a whole will encourage more innovation. Once complete, the circle can generate synergies, yielding positive benefits at each stage. To emphasize, key ingredients outlined in Figure 3 are already in place for some employees in more than one-quarter of the work units that we studied and the late 1990s saw increased use of these flexible practices. Remarkably, some government work unit managers introduced "flexible" work systems at a time when the thrust of reform was on downsizing, restructuring, cost reduction and "results."

This innovative approach to doing government work offers a beacon for public service renewal. It will be up to government managers, employees and unions to decide if this is the direction that should be promoted as part of a broad human resource strategy. The purpose of this report is to inform such choices.

3. *Human Resource Management Pressures and Challenges*

This section reviews four major trends that present immediate human resource management challenges: the legacy of 1990s restructuring and downsizing; increasing reliance on information technologies; shifts in the occupational composition of governments toward more knowledge work; and rising skill requirements. These trends are colliding at a time when government workers at all levels are responding to public expectations of greater accountability for targets and results, cost-effectiveness and citizen engagement in setting goals and priorities.[9] These change pressures create both challenges and opportunities. How managers, employees and unions jointly respond will have a profound impact on the future shape of government workplaces and workforces.

This section suggests that changes in occupations, technology and skills already have reshaped the character of the public service. This comes on top of 15 years of fiscal restraint, cuts, downsizing, restructuring and technological change – all of which require new ways of working. When coupled with the impending departure of baby-boomers – discussed in the next section – the resulting search for talent will prompt a rethinking of compensation systems and working conditions in order to recruit and keep staff and encourage workers to contribute their ideas and creativity.

Downsizing and Restructuring

More jobs were lost in the public sector than any other comparable industrial sector in the 1990s. Between 1990 and 1999, public administration (core government) lost 58,700 jobs. This resulted in a 7 percent decline in overall government employment. By comparison, in the country as a whole employment grew by over 11 percent.[10] Indeed, the broad public sector (health, education and public administration) accounted for 40 percent of the job reductions from downsizing in Canada during the 1990s.[11]

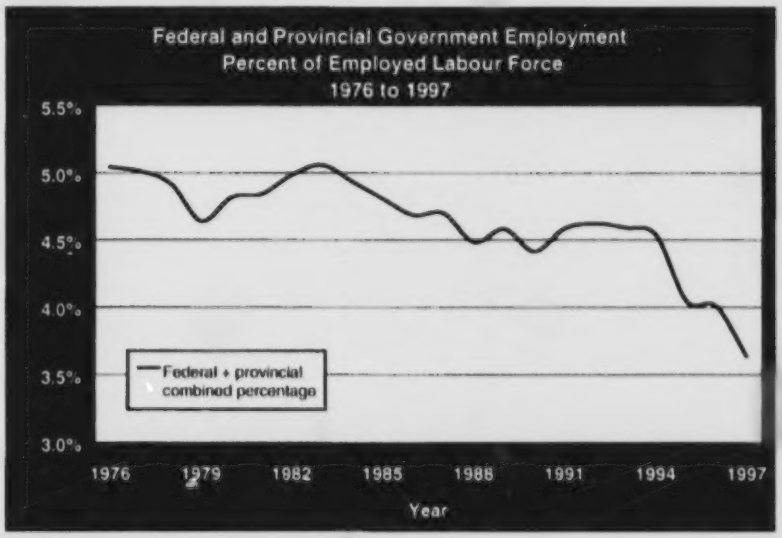
Figure 4

Employment Changes, Five HRG Project Jurisdictions

Selected Series Analysis	Total Employment 1997	Peak Year in Data Provided	Percentage Change from Peak to 1997	Year of Largest Change in 1990s	Percentage of Largest Change	Difference of Largest Change
Alberta	20,620	1985	-34.3	1995-96	-9.4	-2,326
Federal	193,519	1985	-20.1	1995-96	-5.9	-12,636
Manitoba	14,373	1991	-22.0	1993-94	-11.8	-2,029
Ontario	72,850	1992	-18.4	1996-97	-8.8	-7,045
Nova Scotia	13,181	1990	-21.7	1993-94	-9.1	-1,402

Source: Joseph Peters (1999), *An Era of Change: Government Employment Trends in the 1980s and 1990s*, CPRN Study No. W|03, Ottawa: Canadian Policy Research Networks. Table uses administrative databases provided by the jurisdictions.

Figure 5



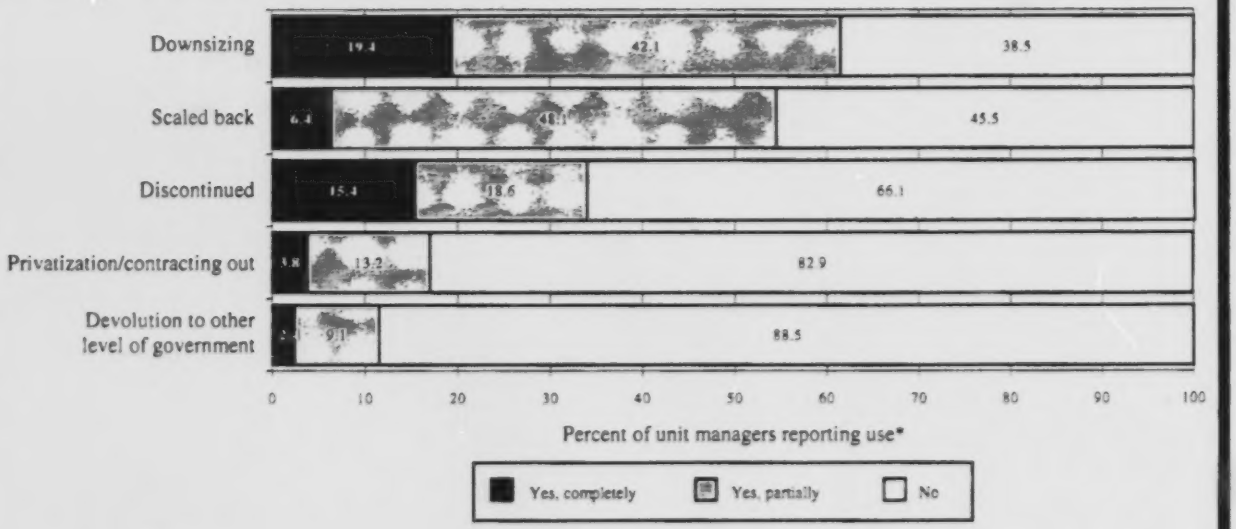
Source: Joseph Peters (1999), *An Era of Change: Government Employment Trends in the 1980s and 1990s*, CPRN Study No. W|03, Ottawa: Canadian Policy Research Networks.

In the five jurisdictions included in the HRG Project, downsizing peaked in the early to mid-1990s, when overall employment was cut by between 6 and 12 percent (Figure 4). However, these reductions were part of a longer-term trend: since the early 1980s, federal and provincial government workforces combined have comprised a declining share of the Canadian labour force (Figure 5).

The changing function of government is captured by the kinds of units in which staff reductions occurred. Based on the Survey of Workplace Issues in Government findings, policy units (already small to begin with) tended to experience the least change in the size of their workforce. The greatest reductions occurred in research and development/scientific units and those that provide services to the public. Intensive use of information technology by the remaining workers was one way that units providing front-line

Figure 6

Use of Different Restructuring Methods, Five HRG Project Jurisdictions, 1996-98



* This understates the extent to which these methods were used because units that were eliminated from government through restructuring are not included.

Source: Survey of Workplace Issues in Government.

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public services and corporate service departments coped with these cuts. It is important to bear in mind that the survey does not capture the full extent of change on the front line, given that some of this work would have been shifted outside government departments through alternative service delivery mechanisms, including privatization, contracting out, and other means.

By the end of the 1990s, government workplaces looked very different than they did even three years earlier. Downsizing was the predominant form of work unit restructuring during the 1996-98 period, used in 62 percent of the work units participating in the survey (Figure 6). As a result, work remained in the unit but was done with fewer resources. Some 54 percent of managers had also scaled back on work activities, while 34 percent had discontinued work activities. Far less common was contracting out work or devolving it to another level of government (reported by 17 and 12 percent, respectively, of managers surveyed). It should be noted, of course, that this understates the extent of these practices, because units that had been moved outside of government or eliminated could not be part of the study.

The content of government work also has altered dramatically. Very few government workplaces did the same work in the same way at the end of the 1990s as in the mid-1990s. Half of the managers responding to the Survey of Workplace Issues in Government reported that their work units were doing different work in 1998, compared with three years earlier. Most units (82 percent) had experienced an increase in workload and 40 percent had undergone staff reductions. Work volume rose most sharply in corporate service units and policy units.

There is no doubt that this massive workplace restructuring had a negative impact on working conditions in government. This is confirmed by the Survey of Union Representatives. Almost three-quarters of union reps surveyed reported that the overall quality of working life had decreased among union members in their workplaces between 1996 and 1998 (Figure 7). More specifically, 86 percent of reps reported that the pace of work had increased for their members, 92 percent reported increases in job-related stress, 93 percent in workloads. And in 81 percent of workplaces, morale had declined. There were variations by jurisdiction that most likely reflected the timing of cuts and reorganization. Alberta union reps (AUPE) were the most positive with respect to these outcomes while those in Ontario (OPSEU) were the most negative, closely followed by

Figure 7

Union Representatives' Assessments of Changes to Specific Working Conditions, Five HRG Project Jurisdictions, 1996-98*

* Graph reports responses on a 7-point "large decrease-large increase" Likert scale, combining 5, 6, and 7 into "increased" and 1, 2, and 3 into "decreased."

Source: Survey of Union Representatives.

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federal PSAC reps. These trends are corroborated by the federal 1999 Public Service Employee Survey, which pinpointed workloads, use of unpaid overtime, lack of encouragement for innovation and decision-making input as potential problems.[12] In general terms, these research findings underscore the need to address the lingering effects of restructuring and downsizing on the quality of work life.

High-tech Workplaces

Governments have already invested heavily in new information technologies. Given their dependence on computer-based systems, most government work units we studied could be deemed "high-tech workplaces." Based on e-mail and Internet use, governments are well ahead of private sector establishments. The public clearly stands to benefit from more effective use of workers' skills on all fronts, including information technology.

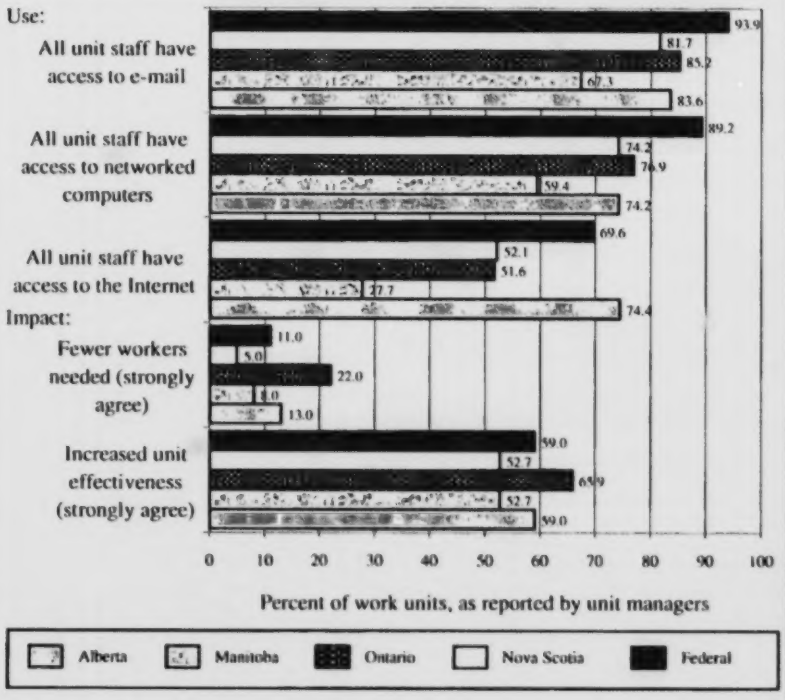
The Survey of Workplace Issues in Government found that in 1998, fully 82 percent of work units surveyed provided all employees access to networked computers, 88 percent had e-mail and 63 percent had Internet access.[13] As Figure 8 indicates, the diffusion of information technology varies across the five HRG jurisdictions, with the federal government being the most technology-intensive, and Manitoba the least. This diffusion of information technology has contributed to rising skill requirements.[14]

A majority of managers surveyed (between 53 and 66 percent, depending on the jurisdiction) strongly agreed that information and communication technologies had increased their unit's effectiveness. However, few (between 5 and 22 percent) strongly agreed that this technology resulted in fewer people needed to do the work. Still, there can be little doubt that the introduction of technology contributed to the elimination of thousands of routine clerical and administrative jobs in federal and provincial governments.

Overall, technology has been a useful tool, enabling organizational change and improved public service. With the technology in place and the required training available, the challenge now is to ensure that employees are supported in making the most effective use of these tools in their daily work.

Figure 8

Use and Impact of Information Technology by HRG Project Jurisdiction, 1998



Source: Survey of Workplace Issues in Government.

More Knowledge Work and Workers

The nature of government work has changed to reflect the redefined role of government: more contract management; administering relationships with external partners and stakeholders; policy development and planning; and less actual service delivery. Consequently, government work has become more knowledge-based. This is seen in the changing occupational composition of the federal and provincial government workforces since the late 1980s (Figure 9). There are proportionally more managers and administrators,

Figure 9

Changing Occupational Structures of Federal and Provincial Government Workforces, 1982 to 1997

Occupational Groups*	Total Employment (000s)			Percent of All			Percentage Change		
Federal	**1982**	**1991**	**1997**	**1982**	**1991**	**1997**	**1982-91**	**1991-97**	**1982-97**
All	282.3	313.1	269.0	100.0	100.0	100.0	10.9	-14.1	-4.7
Management + administration	68.1	93.3	104.3	24.1	29.8	38.8	37.0	11.8	53.2
Natural sciences	29.0	34.1	30.6	10.3	10.9	11.4	17.6	-10.3	5.5
Social sciences	9.6	10.4	12.3	3.4	3.3	4.6	8.3	18.3	28.1
Health	3.6	4.2	2.4	1.3	1.3	0.9	16.7	-42.9	-33.3
Clerical	98.3	104.8	63.2	34.8	33.5	23.5	6.6	-39.7	-35.7
Service	40.3	37.7	33.8	14.3	12.0	12.6	-6.5	-10.3	-16.1
All others	33.4	28.6	22.4	11.8	9.1	8.3	-14.4	-21.7	-32.9
Provincial									
All	268.0	279.5	237.9	100.0	100.0	100.0	4.3	-14.9	-11.2
Management + administration	53.7	77.0	79.1	20.0	27.5	33.2	43.4	2.7	47.3
Natural sciences	31.3	35.5	24.0	11.7	12.7	10.1	13.4	-32.4	-23.3
Social sciences	20.8	18.6	14.6	7.8	6.7	6.1	-10.6	-21.5	-29.8
Health	11.0	9.5	7.7	4.1	3.4	3.2	-13.6	-18.9	-30.0
Clerical	88.4	82.4	69.1	33.0	29.5	29.0	-6.8	-16.1	-21.8
Service	35.1	36.2	28.4	13.1	13.0	11.9	3.1	-21.5	-19.1
All others	27.7	20.3	15.0	10.3	7.3	6.3	-33.9	-30.1	-53.8

* Based on Statistics Canada's standard occupational classification.

Source: Joseph Peters (1999), *An Era of Change: Government Employment Trends in the 1980s and 1990s*, CPRN Study No. W|03, Ottawa: Canadian Policy Research Networks.

fewer clerical workers and, in the federal government, more social science professionals.

A massive shift toward knowledge work is underway in both the public and the private sectors. One could argue that governments are at the leading edge of this trend. Few industries in the private sector match, and even fewer exceed, the level of education found among government employees, or the high concentrations in managerial, professional and technical occupations.[15] More government workers are what Robert Reich calls "symbolic analysts," who analyze and add value to information.[16] Fewer do the "routine production work" of collecting, inputting and processing data. In this regard the issues of organizational systems, job design and the work environment become the building blocks for well-functioning, knowledge-based government workplaces.

Meeting Changing Skill Needs

The trends just outlined in information technology and knowledge work are mirrored in a growing emphasis on skills and learning within government. Overall skill requirements have gone up and shifted job requirements toward soft skills that embody higher-level competencies, such as problem solving and analytic abilities, rather than specific "how-to" skills.

Unit managers responding to the Survey of Workplace Issues in Government recognized the need for increased training. Many viewed training existing staff as more important for meeting new skill requirements than hiring new staff. Most units in the survey had maintained or increased their training activity in the three years prior to the survey – a trend documented by both the managers and the union reps surveyed. This was mainly in the areas of computers and office equipment, professional and technical skills, working in teams, leadership and communication (see Figure 10). Specifically, 91 percent of units provided or paid for professional and technical skills training, as did 96 percent in the area of computers and office equipment in the fiscal year just prior to the survey. In contrast, fewer than half of the workplaces surveyed provided training on group decision making or problem solving (needed to tap into workers' knowledge) or on health and safety.

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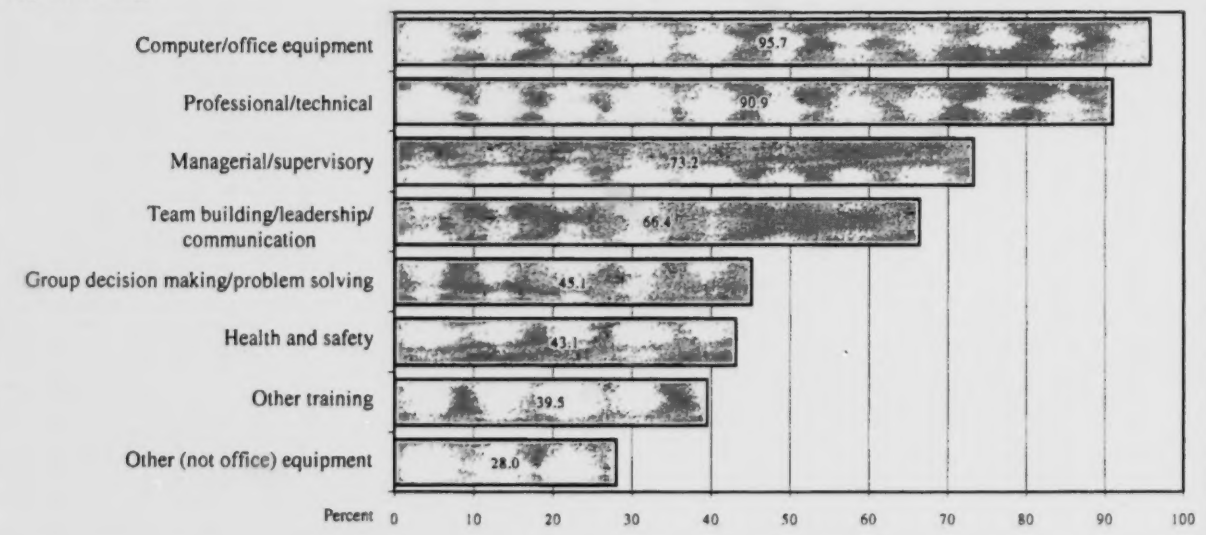
Figure 10

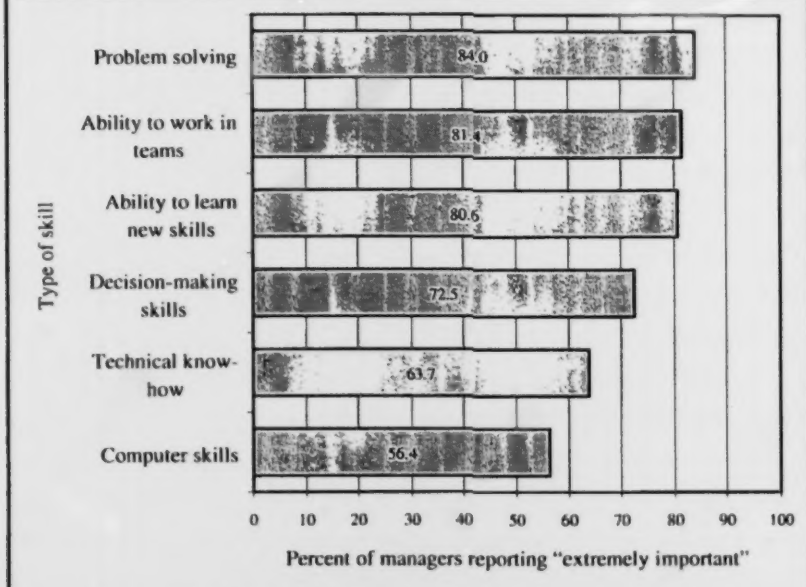
Percentage of Managers Reporting That Their Unit Provided or Paid for Training in the Past Fiscal Year, Five HRG Project Jurisdictions



Source: Survey of Workplace Issues in Government.

Figure 11

Managers' Assessments of Current Skill Needs, Five HRG Project Jurisdictions, 1998



Source: Survey of Workplace Issues in Government.

Unit managers were asked to rate the importance of specific skills in allowing employees in the largest occupational group in their unit to carry out their jobs effectively. Consistent with the occupational shifts toward knowledge workers noted earlier, problem solving, teamwork and learning new skills were rated "extremely important" by over 80 percent of unit managers surveyed (see Figure 11). Decision-making skills were also important. These are all higher-order, more abstract sets of skills closely associated with "knowledge work." Technical skills and computer skills ranked lower, largely because governments have for some time been providing extensive training in these areas.

Training needs will remain in flux as the focus and content of work continue to change. Skill needs vary with the unit's function and its

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Figure 12
Union Representatives' Assessments of Changes in Members' Job Requirements, Five HRG Project Jurisdictions, 1996-98*

* Graph reports responses on a 7-point "large decrease-large increase" Likert scale, combining 5, 6, and 7 into "increased" and 1, 2, and 3 into "decreased."

Source: Survey of Union Representatives.

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occupational mix. For example, problem solving and decision making are most important in policy units. Research units view learning new skills as crucial and the units responding to public accountability pressures were most likely to emphasize team and decision-making skills. As reported by about half of the union reps surveyed (46 percent), employees need training to adapt to workplace changes. A large majority of union reps surveyed saw a need for more training because their members' jobs had become more complex, particularly in the areas of technical and problem-solving skills (Figure 12).

4. *The Demographic "Crunch"*

A decade of staff cuts, early retirement programs and hiring freezes have coincided with workforce aging to create succession planning and recruitment difficulties for governments. But shifting workforce demographics alone do not constitute a crisis. Rather, it is the combination of demographic forces with the four trends just outlined – in one of the tightest labour markets Canada has seen in a quarter century – that has fuelled the perception of a looming crisis. An optimist would view this state of affairs as a tremendous opportunity to revitalize the public service; a pessimist would be alarmed by the challenge of staffing so many high-skill jobs.

This section documents that government workforces not only have aged more rapidly than the national workforce as a whole has, but the demographic composition also has changed in other ways. After a decade of limited hiring and extensive downsizing, the age, gender and ethnic makeup of the government workforce has altered substantially. All the while, restructuring has expanded the range and raised the overall level of occupational skills required for many public sector jobs. The implications of this demographic "crunch" for the future of government focus our attention on how best to renew the public service's human capacity.

The Baby-Boom Exodus

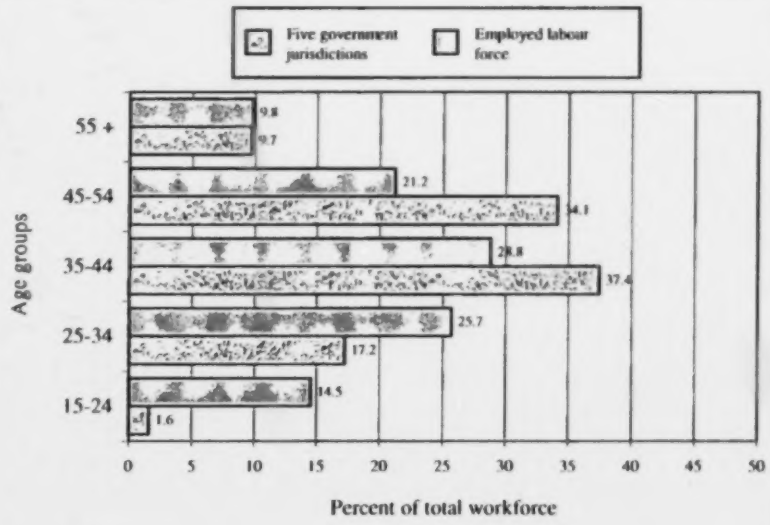
The public service has aged more rapidly than has the national labour force. This largely is due to an extraordinarily high concentration of "baby-boomers" – individuals born between 1947 and 1966, who comprise the largest cohort in Canadian history. Within five years, many individuals at the front end of this cohort will reach retirement eligibility (age 55). This is especially the case at the senior executive and manager levels. The wave of departures will continue until at least 2020. Planning for these departures

is complicated by the current shortage of younger government employees who have the requisite experience and skills to move quickly into more senior positions.

CPRN's analysis of historical government employment patterns reveals that as far back as 1976, government workforces were older than the labour force average. Since then, they have aged at a faster rate than the labour force, so that by 1997 the median age of federal and provincial public servants was 41 and 42, respectively, compared with a median age of 38 in the Canadian labour force.[17] Compared with the Canadian labour force, the five jurisdictions studied have far fewer workers in the 25 to 34 age group (see Figure 13). As a result of hiring freezes, workers under the age of 25 are scarce.[18] In fact, only 14 percent of all federal government employees

Figure 13

Comparing the Age Profiles in the Five HRG Project Jurisdictions with the Canadian Workforce, 1997



Source: Administrative data provided by the five HRG study jurisdictions (Alberta, Manitoba, Nova Scotia, Ontario, federal government); Statistics Canada, Labour Force Survey data.

are under the age of 35.[19] The internal recruitment pool of younger workers needed for orderly succession planning simply is not available.

The coming exodus of older workers will have the greatest impact within the ranks of senior management. Federal government projections show a dramatic rise in departures from the executive level beginning in 2004-05.[20] By 2005, about 90 percent of senior level executives in the federal public service will be eligible for retirement benefits and in the lower levels 70 percent of employees are nearing retirement. The situation in provinces is similar.[21] For example, in the British Columbia public service, 43 percent of the senior managers will be age 55 or older and eligible for retirement within the next five years.[22] Succession planning has therefore become one of the most pressing management issues facing government.

Job and career structures of government historically have been based on a pyramid-shaped organization, with a talent pool of junior and mid-level staff who could be groomed for more senior positions. Government careers rested on the expectation of upward career movement. But since the mid-1980s this bureaucratic career model has been static. Baby-boomers competed for a dwindling number of promotions and many plateaued in their careers. Many workers facing diminished career challenges welcomed early retirement. Pressure mounted to find alternatives to vertical career paths in an attempt to provide these workers with interesting and motivating work opportunities. Yet change has been slow. For example, the scope for horizontal career paths did not broaden in the 1990s.

Downsizing and hiring freezes in the 1990s reduced the numbers of workers within the upper and lower age ranges – those in their 20s and their 60s. As the age profile of the civil service became more onion-shaped the old assumptions about career structures – suited to an organization with an age profile shaped more like a pyramid – no longer fit reality.

Equity Catch-Up

After a decade or more of hiring freezes, downsizing and net shrinkage in their employment roles, governments will be recruiting from a workforce that has become culturally more diverse. That is because immigrants, visible ethnic minorities and Aboriginal persons comprise a much larger share of the Canadian labour force now compared to 10 or 15 years ago.

While available government employment data do not provide a full picture of the impact of downsizing on the four equity groups (women, visible minorities, Aboriginal persons and persons with disabilities), we can document several clear trends in this regard.[23]

By far the bulk of cuts were in clerical and secretarial occupations, which are dominated by women. Yet despite this, women held their own through the period of downsizing, mainly for two reasons. Rising female educational levels enabled sizeable numbers to move into the administrative and professional areas, which experienced relatively fewer cuts than other parts of the public sector. Departures through early retirements affected mainly men, who on average are older and have more seniority than women in government workforces.

Women now outnumber men in provincial government workforces and comprise 47 percent of the federal government's workforce. Yet women remain underrepresented in upper-level positions. Systemic barriers remain, including intense job demands at higher levels, resulting work-family conflicts, and the assumption that careers paths should not be interrupted.[24] More fully tapping the contributions of women depends on removing this glass ceiling.

The numbers of visible minorities, Aboriginal persons and persons with disabilities (the three other groups that, with females, are the targets of employment equity policies) did not decline as much as did government workers as a whole. In relative terms, these three equity groups were less affected by government downsizing. However, because the share of these groups in the Canadian population grew in the 1990s, governments will be judging the representativeness of their workforces against this more diverse population – and hence will have some catch-up recruitment to do.

To briefly sketch the relative size of the equity workforce, in 1997, Aboriginal persons, members of visible minorities and persons with disabilities represented 10.1 percent of the federal government's workforce, up from 9.1 percent a decade earlier. In the Nova Scotia public service, the proportion of these three groups increased from 5.9 to 6.5 percent in the same period. Manitoba, in contrast, had a higher proportion of the three groups in its workforce in 1987 (14.6 percent), increasing to 17.5 percent a decade later.[25] In large part this is due to a concerted effort to hire

Aboriginal persons who represent a relatively large share of that province's population.

According to the Canadian Census, visible minority groups increased their share of the overall population from 9.4 to 11.2 percent between 1991 and 1996. In major urban centers, notably Toronto, Vancouver and Montreal, visible minorities comprise a much larger share of the population. This trend is accelerating, mainly due to shifting immigration patterns (most immigrants in the 1990s have been visible minorities) and the younger age profile of these groups. By 2016, one-fifth of the population is expected to be visible minorities.[26]

The Aboriginal population is increasing even more rapidly. While Aboriginal peoples comprised 2.3 percent of the working age population (those age 15 or older) in 1996, this represents a 33 percent increase since 1991 – a growth rate six times faster than the non-Aboriginal population.[27]

Judging from these population trends, it is clear that governments' commitment to diversity will be put to the test as they strive to become representative of a more culturally heterogeneous workforce.

Recruiting the Next Generation of Public Servants

At the same time, the proportion of young workers has shrunk relative to the rest of the working age population. The youth (15-25 years) share of the working-age population (15-64 years) is smaller now than it was in previous decades. For example, youth comprised 2 in 10 individuals of the working age population in 1998, down from 3 in 10 in the late 1970s. This is already contributing to tight labour market conditions and as the rate of retirement increases, so too will competition for these younger workers. By 2010, the retiring cohort (54-64 year olds) will outnumber 15-24-year-olds, precipitating a serious labour shortage.[28]

During the 1990s, public sector cutbacks and restructuring were headline news. Political pressures to reduce deficits implicitly questioned the value of public servants. Furthermore, there was little or no recruiting of graduates into permanent positions. Not surprisingly, then, government employers now have an image problem when it comes to recruiting recent post-secondary graduates – the future generation of knowledge workers.

Findings from two surveys of university students and recent graduates are illuminating in this regard. The Public Policy Forum's 1997 survey of 2,537 university students found that about two-thirds of the students surveyed stated a preference for a job in the private sector.[29] Virtually all students expressed a strong desire for interesting work that made good use of their skills and expertise. Those students who stated a preference for a job in the public sector were more likely than those preferring the private sector to want to contribute to the betterment of society.

A representative 1997 follow-up survey of 6,012 graduates from all faculties in Alberta's four universities in 1994 describes the characteristics of graduates who did find employment in the public service during the 1990s.[30] Compared with graduates working in other sectors approximately two and a half years after leaving university, those in public administration were more likely to be older, female and to have a graduate degree. They also had the strongest lifelong learning orientation of any sector, with over half planning further education in the future. Furthermore, graduates employed in public administration are more likely than their counterparts in the private sector to describe their jobs as challenging and interesting. However, they also reported that:

- Rates of temporary and part-time employment are higher.
- Pay is average for females and below average for males.
- Job satisfaction is average.
- Nearly 30 percent reported being overqualified for their job (based on their education, training and experience).
- Career advancement and decision-making opportunities could be improved.

For government employers, these two surveys underscore the importance of selling both the intrinsic rewards of public service work and how it contributes positively to society. Matching a young person's qualifications and skills with their job requirements is a crucial first step in career development. These are the features that will appeal to recent university graduates; but these also are the criteria that these new recruits will use to

assess the quality of their work, so it is equally essential for governments to ensure that indeed these aspirations can be met.[31]

Meeting the Needs and Aspirations of All Workers

Younger workers want flexible, challenging, learning-intensive work environments. Recent graduates will be turned off by rigid bureaucracy, limited autonomy and other barriers that prevent them from making a positive contribution. Robert Bernard and his colleagues describe members of the "Nexus generation" – people in their mid-20s to late 30s – this way: "Ultimately, the best reward for Nexus employees is what they want most from work: challenge, collaboration, task variety and greater impact. While keeping compensation current and competitive is part of the equation, employers should spend equal time thinking about how they might recognize Nexus with the next project or opportunity."[32]

Of course, these aspirations are not unique to Nexus generation members. These also are sources of satisfaction for long-time government employees. So in many respects, younger workers today are no different than graduates in the 1970s or 1980s regarding what they value in work.

The CPRN-Ekos Changing Employment Relationships Survey, conducted in early 2000 among a representative national sample of 2,500 employed and self-employed Canadians, documents very few age differences in what workers want from a job.[33] Workers over the age of 30, compared to those under 30, place somewhat more importance on issues that reflect their stage in the life course – flexible schedules (which help balance work and family) and benefits. For workers over age 45, what sets them apart from younger age groups is the greater importance they place on work that gives a sense of accomplishment (this is an important finding for governments and other public sector organizations that employ large numbers of such workers). In contrast, workers under 30 are far more likely than older workers to highly value job security and career development opportunities – issues more relevant at the start of a person's working life, reflecting a longer-term outlook.

Generally speaking, there is no unique set of "youth" work values. However, young workers have always been more footloose and inclined to

leave if their aspirations are not met. In contrast, older workers whose expectations are unmet are more likely to stay, but their morale and job satisfaction will suffer. But these differences aside, workers of all ages want similar personal rewards from their work, making it essential that government employers meet the career aspirations of all workers.

5. *Compensation Issues*

Compensation has been a flash point between government employers and public employee unions for decades. The changing context for public service work described above puts competing pressures on the traditional compensation model at a time when recruitment and retention have risen to the top of the agenda (see Box 2).

Competing Pressures Affecting Government Pay Levels and Systems

A complex mix of political, social and market forces determines government pay levels.[34] For example, the motivation behind the drive for pay equity by public service unions has been to encourage governments to eliminate systemic discrimination on the basis of gender. Yet political concerns in the 1990s over public deficits and debt brought a combination of tax increases and expenditure reductions, and a direct target of spending cuts was the government wage bill.

The result of these and other opposing pressures on public sector wages is a smaller wage gap, compared to the private sector, between the highest and lowest paid employees. This has benefited the lower paid workers, especially those in clerical and service occupations,[35] who earn more than their private sector counterparts. But higher paid government employees – notably senior managers – have never been paid at rates comparable to similar private sector positions.

The traditional model of government compensation rested on several key principles and assumptions. Promotions and advancement up the pay scale were based on merit, a fundamental feature of modern public administration. For the majority of employees, pay scales and cost of living adjustments

Box 2

Competing Pressures on Public Sector Wages

Downward pressures

- Pressures to reduce deficits, taxes and expenditures;
- concerns regarding the contribution of public sector efficiency to national competitiveness in a global economy, attracting and retaining investment and skilled labour;
- concern that government not lead the way in terms of compensation, which would put upward pressure on compensation in the private sector.

Upward pressures

- Growing need to recruit and retain skilled workers to meet expected increase in retirements;
- need to compete with the private sector for individuals with specialized skills, such as senior managers/executives and information technology workers;
- addressing issues of morale and fairness after a decade of downsizing and pay freezes in the public service;
- pressures for governments to be "model employers," especially regarding pay equity and the treatment of lower skilled workers.

Pressures to "reinvent government"

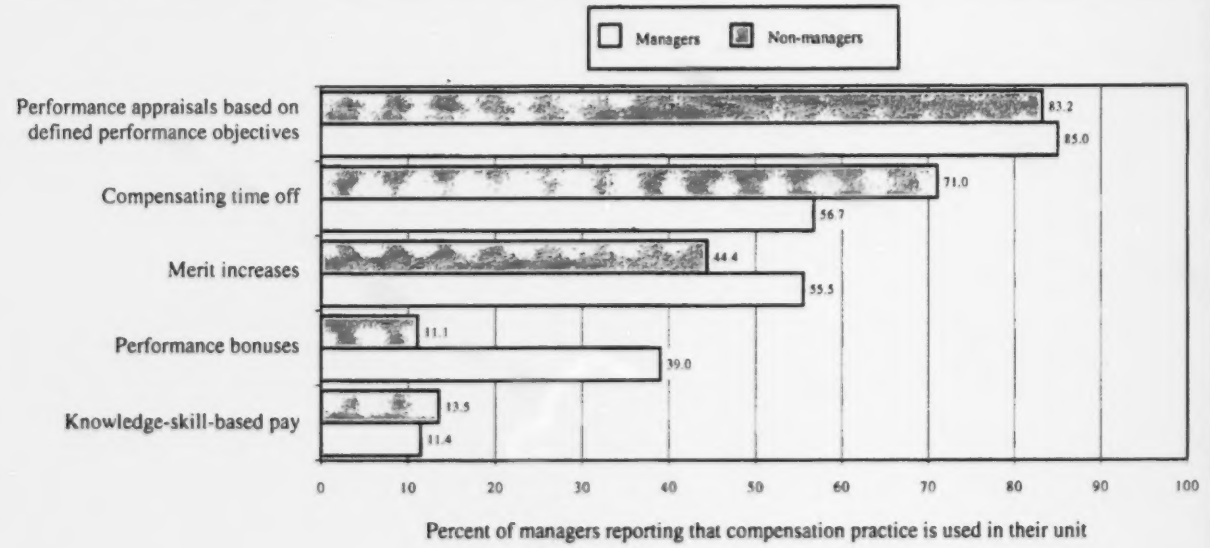
- Increased emphasis on market forces and incentives in the design and implementation of compensation policy, leading to wider consideration of such practices as incentive-based pay, responsiveness to variations in the labour market supply and demand of skills;
- pressures for new approaches to collective bargaining, so greater flexibility can be achieved in compensation systems.

were negotiated through collective bargaining across the whole government. However, these principles have been under strain for at least a decade. Deficit cutting resulted in pay freezes or rollbacks, collective bargaining in most jurisdictions was effectively suspended, and opportunities for promotions and merit increases were greatly reduced.

Not surprisingly, then, the work unit managers responding to the Survey of Workplace Issues in Government reported having little or no say on compensation. Promotion opportunities diminished and more workers hit the top of their pay level and were stuck there. Variable pay schemes using bonuses and performance incentives, common in the private sector, are

Figure 14

Use of Various Compensation Practices for Managers and Non-managers, Five HRG Project Jurisdictions, 1998



* Based on responses to the question: "Does your work unit apply any of the following practices/incentives to managers? To non-managers?"
Source: Survey of Workplace Issues in Government.

new to government (see Figure 14) – and we should also point out, strongly opposed by government employee unions. Over 80 percent of managers responding to the survey reported using formal performance appraisals for managerial and non-managerial staff. However, pay increases based on merit (often linked to performance appraisals) are used for 44 percent of non-managers and 56 percent of managers in the units surveyed. Performance bonuses are rare for non-managers, although 39 percent of managers in units surveyed did have access to these. Knowledge and skill-based pay is rare, despite the emphasis governments now place on these resources. Governments have not fully compensated for the rising workloads documented earlier, given that roughly 30 percent of non-managers and 43 percent of managers do not receive time off for extra hours worked. According to the survey, variable pay schemes are most likely to be used in policy units, in units where managers have high autonomy and in units with low levels of unionization.

Finding the right balance for overall compensation is crucial. Excessive pay in the public sector could lead to higher taxes or budget deficits and inflationary spillover into the private sector, yet pay that is too low can lead to problems of recruitment, retention and morale, all of which can jeopardize the effective delivery of government services. Efforts to reform pay policy to make it more responsive to these pressures require a close examination of the trade-off between equity and efficiency goals.

Comparing Pay in Public and Private Sectors

The HRG Project commissioned a thorough statistical analysis of compensation levels in the public and private sectors using the 1997 Labour Force Survey, the 1996 Census and trends from the 1971, 1981 and 1991 Censuses.[36] The data permit a detailed analysis of pay levels across occupational categories, but exclude such non-wage earnings as benefits packages or stock options. This research provides an understanding of aggregate compensation patterns over time, which of course is a different approach than the more detailed matching of specific jobs that is used by employers to set compensation.

The public and private workforces have very different characteristics, which influences overall compensation levels. Compared with the private

sector, the public sector workforce is more concentrated in managerial and professional jobs, highly unionized, more highly educated, older, has more females and is located in very large organizations.

After taking account of these differences, government pay is on average about 9 percent more than in the private sector. However, this overall pay "premium" masks considerable variations in the size of the difference both across occupations and for women compared to men. Probing more deeply, we find that the government pay premium is significantly higher for women and for workers in low-skill occupations, while managers receive little or no wage premium compared to what they would earn in the private sector. In fact, male managers are paid significantly less in government than they are in the private sector (see Box 3).

A combination of factors explains government-private sector pay differences. Notable in this regard are pay equity policies, which over time have narrowed the male-female pay differentials in governments. The spread between the top and the bottom of the pay scale is substantially smaller in government than in the private sector, likely a result of political, social and collective bargaining pressures. The private sector's unregulated market approach to compensation is most visible in the growing income polarization between the typical employee and executives.

Overall, the historical Census trends portray a picture of a moderate government pay premium that increased very slightly from 4.6 percent in 1971 to 5.5 percent in 1981 and more substantially to 8.5 percent by 1991. Although the more recent 1996 Census figures are not directly comparable, they also suggest that the increasing trend has continued. However, limitations of the historical Census data make it difficult to determine the degree to which the changes would be influenced by other factors such as collective agreement coverage, firm size, narrowly defined occupational distributions and increases in the technological intensity and overall skill requirements of government employment.

Further, governments underwent a significant change in the composition of employment over this period. As already noted, large numbers of lower-paying clerical and secretarial positions were eliminated, while the share of employment in the higher-paying professional and managerial jobs increased.

Box 3

Comparing Public and Private Sector Pay Levels

- Government wage premiums average 9.0 percent, with the premium being slightly lower at the federal level (8.5 percent) than at the provincial (10.0 percent) and local (9.4 percent) levels. (Pay premiums reflect average pay differences between sectors after controlling for a range of human capital and labour market factors that influence pay levels across occupational categories, which is a more aggregated approach than the detailed job matching surveys employers typically use for wage-setting purposes.)

- The overall pay gap masks considerable variation by gender and between specific occupational groups. The premiums relative to the private sector are highest for women and less-skilled workers, and lowest for managers, especially male managers (negative at the federal level).

- Historical census data reveal a moderate government pay premium that increased very slightly from 4.6 percent in 1971 to 5.5 percent in 1981, and more substantially to 8.5 percent by 1991. Although the more recent 1996 census figures are not directly comparable, they also suggest that the increasing trend continued into 1996, where the premium was about 9.0 percent.

- In much of the public sector (broadly defined to include local, provincial and federal governments; health, education; and those parts of the transportation, communications and utilities sector where government is the employer) the pay premium is higher for women than for men. Thus the male-female wage gap is considerably smaller in the government sector (13.8 percent) than in the private sector (17.6 percent), with the federal government's male-female wage gap being 9.3 percent.

- The public sector wage premium was highest for service occupations (protective services, food and beverage preparation, lodging and accommodations, and other services). This is the result of a large premium for women in service jobs as compared to the private sector, possibly reflecting the impact of pay equity in low status jobs, like hospitality and food services and cleaning.

- The pay premium for managerial/administrative/professional occupations is much smaller in the government sector than in the private sector. This means that the spread between the top and the bottom of the pay scale is smaller in the public than in the private sector. Overall, the tendency to pay less than the private sector was most prominent for managers, especially male managers.

- Occupational skill premiums are considerably smaller in the government sector compared to the private sector. The pay premium for employees in managerial/administrative/professional occupations compared to employees in service occupations is only 10 percent in the government sector compared to 41 percent in the private sector.

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The Importance of Non-monetary Job Rewards

Situating wages within a wider range of work rewards expands our discussion to include the work environment, job content and career opportunities. This broader perspective creates more scope for satisfying both efficiency and equity goals in responding to wage reform pressures.

There is considerable evidence showing that while obviously important, compensation is not the single most central factor in individuals' job decisions.[37] According to the CPRN-Ekos Changing Employment Relationships Survey, Canadian workers rate the following job characteristics as more important than pay, security or benefits: being treated with respect; challenging and interesting work that gives a sense of accomplishment; opportunities to develop one's skills and abilities; friendly and helpful co-workers; and good communications.

This is not to suggest that intrinsic job rewards can make up for low pay or a lack of benefits. Rather, the issue is the relative importance that individuals place on all aspects of a job when assessing its overall quality. A number of recent studies point to gaps in government employees' fulfillment in these areas.

A 1998 federal public service career development study showed that among the most important factors contributing to a sense of career success was doing work that was enjoyable, having a sense of accomplishment, learning and developing skills, salary, and having a balance between work and family. Also important were having stimulating co-workers, contributing to society, having some influence on the direction of the organization and increasing financial rewards. Too often, however, there was "... a considerable gap between 'dreams' and 'reality'."[38] Just under half of survey respondents reported being very satisfied with their career progress. Fewer than one in three respondents believed that they would be able to meet their career goals within the public service.

The 1999 federal Public Service Employee Survey revealed many positive aspects of civil service work. However, the survey also found that less than half of public servants feel they are encouraged to be innovative or take initiative, have a say in decisions and actions that impact their work, get help from their immediate supervisor or department in determining learning

needs or get career development support, or have had a promotion or believe they have a fair chance of getting one. Only 37 percent think that senior management will try to resolve these concerns.[39]

As suggested in the next section, these issues can be addressed partly through types of workplace innovations aimed at making human resources governments' core assets.

6. *Innovative Ways of Doing Government Work*

This section documents the nature and extent of changes in work organization and human resource management practices in the five HRG Project jurisdictions. The key finding is that within the five governments studied, we found pockets of innovation – work units that have moved in the direction of the flexible model outlined at the outset in Figure 1. Indeed, based on these research findings we elaborated this flexible model, creating the virtuous circle of workplace innovation presented in Figure 3, above. What is significant about this direction for workplace reform is its potential to integrate two key objectives: improved public services and improved quality of work life, both of which are essential for revitalizing government.

Different Types of Flexibility

It is important to recognize that organizations can become flexible in three basic ways: staffing, function, and pay. We have already documented that unit managers have very little room for flexibility in pay and that adopting private sector approaches to compensation has both advantages and disadvantages for governments, their employees and unions. Pay flexibility may be the most difficult to achieve at non-managerial levels, given union opposition to variable forms of compensation, although it already is in use at the executive levels in some jurisdictions. As the four case studies revealed, a lack of autonomy regarding some key aspects of human resource management within work units is a major barrier to achieving flexibility in compensation (see Box 4).

The two CPRN surveys offer more in-depth union and management perspectives on the use of various forms of staffing and functional flexibility. Staffing flexibility broadly encompasses practices designed to gain efficiencies and cut costs by altering the size of the workforce, changing

Box 4

Insights from Four Case Studies

To supplement the workplace surveys, CPRN commissioned four case studies of workplace restructuring initiatives at the following sites: new technology and quality-driven redesign of aeronautical charts publishing in Natural Resources Canada (NRCAN) in the federal government; the introduction of industry self-management through the establishment of the Technical Standards and Safety Authority (TSSA) at the Ministry of Consumer and Commercial Relations in Ontario; the integration of corporate services functions in the Justice Sector (JS) in Ontario; and the outsourcing of engineering design at Alberta Transportation and Utilities (ATU).

- The case studies confirmed the general trend toward a higher skilled but smaller core government workforce.
- Externally-imposed downsizing driven by budget cuts brought restructuring. Organizational change was enabled by technological advances.
- Significant changes in the nature of work occurred as a result of such reforms as the move from direct service delivery to policy formulation and increasing emphasis on outputs and outcomes.
- These workplaces put increasing emphasis on measuring performance and tracking costs and benefits of services provided.
- This required greater skills in developing policies and guidelines for decentralization of decision making and skills in performance measurement, contract management and other indirect methods of control. Communication, negotiation, team and leadership skills became more salient.
- While the workplace managers had limited ability to hire workers with the new skills, increased emphasis was placed on the training of existing employees.
- Direct communication with employees increased in order to manage the impact of restructuring on workers.
- At all sites except TSSA, restructuring resulted in significant employment reductions. The union's role was limited to ensuring that due process was followed in downsizing. Union-management relations were centralized at the system level, so were almost non-existent within these workplaces.
- The use of flexible job design mechanisms increased somewhat, including multi-skilling, self-directed work teams, job enrichment and job enlargement. Compensation practices changed the least, mainly because of centralized collective bargaining. TSSA is the exception in this regard, with its new organizational independence from government enabling changes in compensation practices.

Box 4 (cont'd)

- Although management considered every site a "success," in each case, with the exception of TSSA, complex human resource management (HRM) issues were raised:
  - ❑ Significant downsizing coupled with voluntary exit initiatives resulted in loss of corporate memory.
  - ❑ Problems were reported regarding succession planning, while the new flattened organizational structures often limited promotion opportunities for existing employees.
  - ❑ Given that increased autonomy at the workplace level appears to foster more innovative human resource practices, a major challenge governments face is allowing more autonomy in HRM at the workplace level.
  - ❑ In some instances training focused on immediate skill needs rather than long-term requirements for career development of employees.
  - ❑ Unions need to find ways to broaden their involvement in the day-to-day operations at the workplace level so they can play a more strategic, proactive role in further restructuring.

employment relationships, work schedules or the number of hours worked. Staffing flexibility includes:

- external hiring of permanent employees,
- hiring on contract,
- subcontracting/outsourcing and privatization,
- unpaid overtime,
- use of part-timers,
- use of temporary workers,
- reducing the number of full-time permanent employees, and
- use of flexible working hours.

In contrast, functional flexibility addresses how workers do their jobs, typically by giving them more scope, authority and skills. This is the basis for the innovative workplace portrayed in Figure 3. Sometimes associated with these work reforms are programs such as total quality management (TQM), as well as direct information sharing about workplace and organizational

changes with employees, employee suggestion programs, and teleworking. However, the hallmark of functional flexibility is the redesign of jobs and work processes, which can take the following forms:

- job enlargement (a wider range of tasks and responsibilities),
- job enrichment (more decision-making autonomy),
- self-directed work teams (team members have substantial control over the work process),
- multi-skilling (workers have the skills and training needed to perform several distinct functions as part of their job assignment), and
- job rotation (organizing a workday or week so that workers perform distinct jobs in sequence).

Numerical and functional flexibility are part of broader debates about "good jobs" and "bad jobs," raising questions about who really benefits from such change. On one hand, several of the above flexible staffing practices are associated with "contingent" work – or "bad jobs" – and, as such, may have negative repercussions for workers to the extent that opportunities for full-time, secure employment are reduced. On the other hand, the hiring of permanent staff or providing flexible schedules would likely be positive for workers; both have been advocated by public service employee unions.

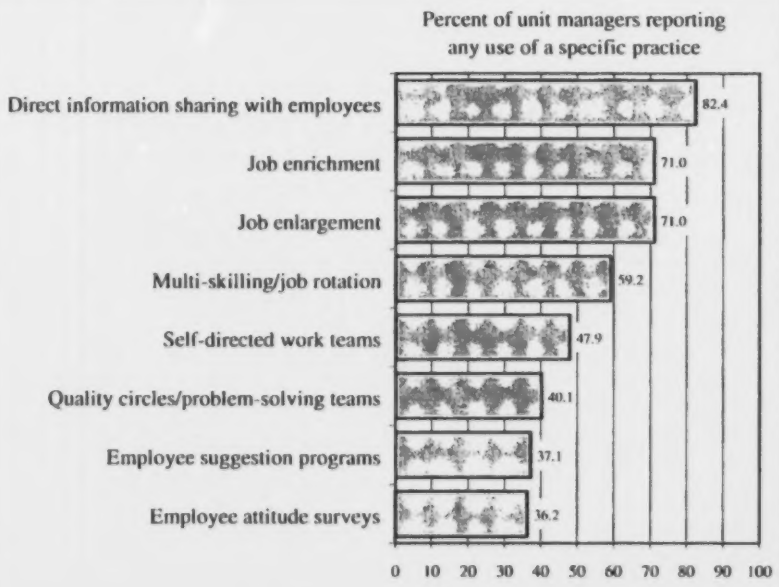
Functional flexibility based on job redesign is a defining feature of the "high performance" workplace model, which research suggests can contribute to improved working conditions and firm performance. However, other aspects of functional flexibility, notably job enlargement, TQM, multi-skilling and teleworking may result in increased workloads and responsibilities without commensurate pay. This is why such changes are often opposed by unions. Managers, for their part, may face difficulties documenting exactly how any of these changes improve their work unit's performance, or may simply resist such change. Recognition of these potential hurdles is a prerequisite to overcoming them.

The Emerging Flexible Workplace Model

Despite the difficulties created by downsizing and restructuring in the 1990s, the two CPRN surveys suggest that flexible job designs are becoming

Figure 15

Incidence of Flexible Job Designs and Employee Involvement Programs, Five HRG Project Jurisdictions, 1998



Source: Survey of Workplace Issues in Government.

more common in government. According to the unit managers surveyed, 71 percent of units used job enrichment and job enlargement, 60 percent used multi-skilling or job rotation and 48 percent reported the use of self-directed work teams at the time of the survey (Figure 15). As the four case studies document, workplace changes such as these can be a difficult process (see Box 4).

The shift to more flexible ways of working should not come as a surprise to many people who worked in government during the 1990s. Even in units that did not adopt a formal policy designed to introduce flexible practices, there were ad hoc signs of flexibility. This included the widespread assignment of individuals to "acting" supervisory and management

positions as stop-gap measures, and the necessity of working in teams because that was an efficient way to get things done with fewer staff.

While the Survey of Union Representativess did not use identical questions as the managers' survey, it nonetheless offers a complementary perspective. According to the union reps surveyed, the use of all forms of flexibility is on the rise. Most reps (87 percent) reported the introduction of job enlargement. Also introduced were multi-skilling (reported by 67 percent of reps), direct information sharing with workers (52 percent), self-directed teams (38 percent), job enrichment (36 percent) and job rotation (34 percent).

Managers were also asked how frequently a range of human resource management practices aimed at achieving staffing flexibility had been used in their units in the three years prior to the survey (Figure 16). Flexible schedules – which has the greatest potential of all the flexible staffing arrangements to directly benefit staff – was regularly used in 29 percent of units, and just over one-quarter of the managers also reported regular use of increased overtime. However, while managers reported using transfers or secondments less frequently than flexible hours or overtime, contract workers, outsourcing work, part-timers or work-time reductions, union reps reported that these flexible staffing practices had increased during the 1996-98 period. Specifically, 40 percent or more of the union reps surveyed perceived an increased reliance on temporary workers, reductions of full-time and permanent workers, hiring on contract, and outsourcing during this period.

Training and Flexible Work

There is a positive synergy between the use of flexible work organization practices and training. Or as the OECD states, there is a "robust" relationship between increased functional flexibility and increased training.[40] Essentially, the enhanced skills and responsibilities that come with such innovations as job enrichment and self-directing work teams requires training in a range of non-technical skills.

To set the stage for an analysis of the training-flexibility connection, we first will document that governments already provide considerable training, although gaps remain. According to the managers' survey, half of the units

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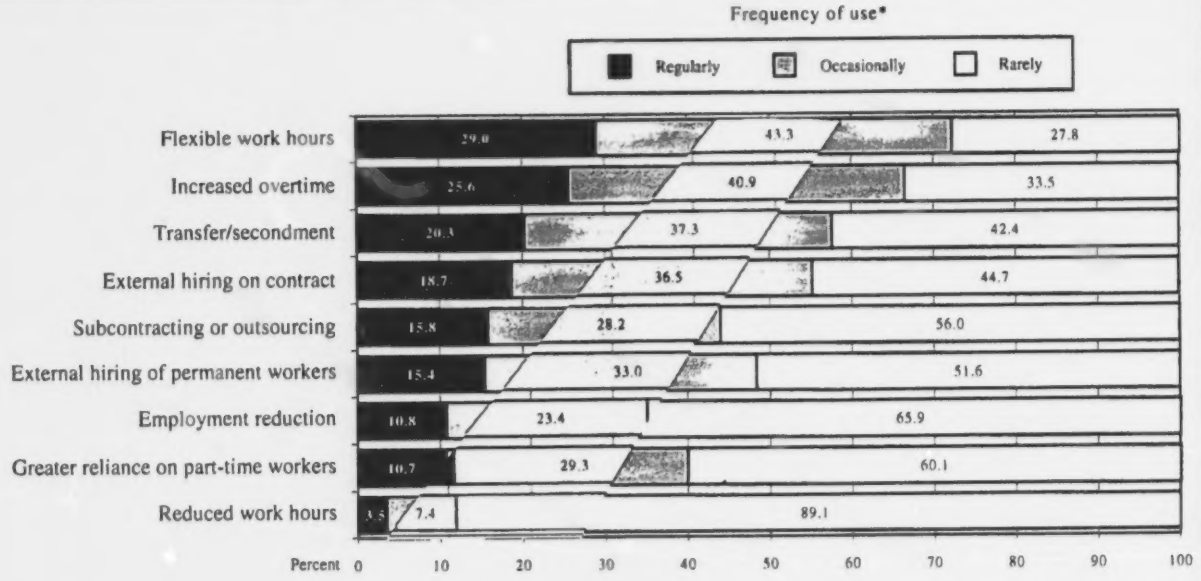
Figure 16

Managers' Use of Flexible Staffing Practices, Five HRG Project Jurisdictions, 1998



* Based on responses to the question: "How often has this work unit used each of the following practices (in the past three years)?" Responses on a 7-point Likert scale have been collapsed into three categories: rarely (1-2), occasionally (3-5), and regularly (6-7).

surveyed have some type of formal training plan, 61 percent prepare a training budget and 32 percent formally evaluate training. Just over two-thirds of unit staff received some form of training, either directly provided or paid for by the employer, in the year prior to the survey. This level of support for training, and the incidence of training among staff, is higher than what various national surveys during the 1990s documented for the labour force as a whole. This is hardly surprising, given that many studies have indicated that the largest organizations lead the way on training initiatives and investments.[41]

However, more could be done to improve employees' access to training. For example, the Survey of Union Representatives found a "substantial" emphasis on training in only 24 percent of workplaces, which suggests the lack of a "training culture" in many government workplaces. (Emphasis on training within work units was measured by combining four survey items: equitable distribution of training opportunities; high employee awareness of training opportunities available; employee satisfaction with training in the unit; and employee training requests not denied.) Turning to other studies, the 1999 federal Public Service Employee Survey found that 26 percent of employees disagree with the statement "I get the training I need to do my job," 35 percent disagree that "I have the opportunities to develop and apply the skills I need to enhance my career."[42] And the British Columbia Auditor General's report on training and development in the provincial civil service recommends that training investments be increased as part of a strategic human resource development plan, which must include evaluation of training results.[43]

Another way of assessing training opportunities is to identify any unique characteristics of those workplaces that provide and support high levels of training – and therefore would have fewer access barriers. It is here that we discover the positive influence of flexible workplace practices. For example, based on findings from the Survey of Union Representatives, workplaces that had increased the use of numerical flexibility tended to put less emphasis on training than did workplaces that implemented functional flexibility. This finding is not surprising, given that the former is driven more by cost saving goals, while the latter is an attempt to better use human resources. Greater use of functional flexibility was associated with an equally strong emphasis on training. This is likely because flexible work designs require broader and deeper skill sets. In contrast, reliance on

numerical flexibility would entail contracting services from temporary workers who already have the skills required, rather than investing in the development of those skills in-house through employee training.

The training-flexibility synergy is even more apparent when we look at specific workplace innovations. The single most important workplace change associated with an increased emphasis on training was job enlargement, which is expected given that this would add new skill requirements. The widening gap between expanding job requirements – greater responsibility and higher skills – and the opportunities workers have to make decisions must be closed (Figure 12). Finally, creating a learning environment requires giving employees more scope to define their own training needs. According to the unit managers surveyed, employees initiated training in only 30 percent of work units. Unions can help to identify training needs but currently have little direct say in training: half of the union reps surveyed reported no union involvement in training decisions.

Identifying Innovative Work Units

It is clear from the literature that workplace innovation depends on combinations or "bundles" of practices, not just on one form of functional flexibility. Using this insight, we can gain a more complete picture of innovative workplace practices in the five jurisdictions using the managers' survey data. We define workplace innovation by five human resource management and work organization characteristics that, when bundled together, have been widely identified with innovation in the research literature:

- functional flexibility: the percentage of a unit's non-managerial employees participating in one or more of job enrichment, job enlargement, multi-skilling/job rotation, self-directed work teams;
- flexible schedules: extent to which a work unit has regularly used flexible working hours in the 1996-98 period;
- training: percentage of a work unit's employees receiving training in the year prior to the survey;

- formal participation programs: percentage of a unit's non-managerial employees taking part in one or more of employee suggestion programs, attitude surveys, direct information sharing or quality circles (problem-solving teams); and

- information sharing: that information regarding strategic planning, budgets, workforce reductions and quality issues gets shared with employees in a work unit at a relatively early stage in the decision-making process.

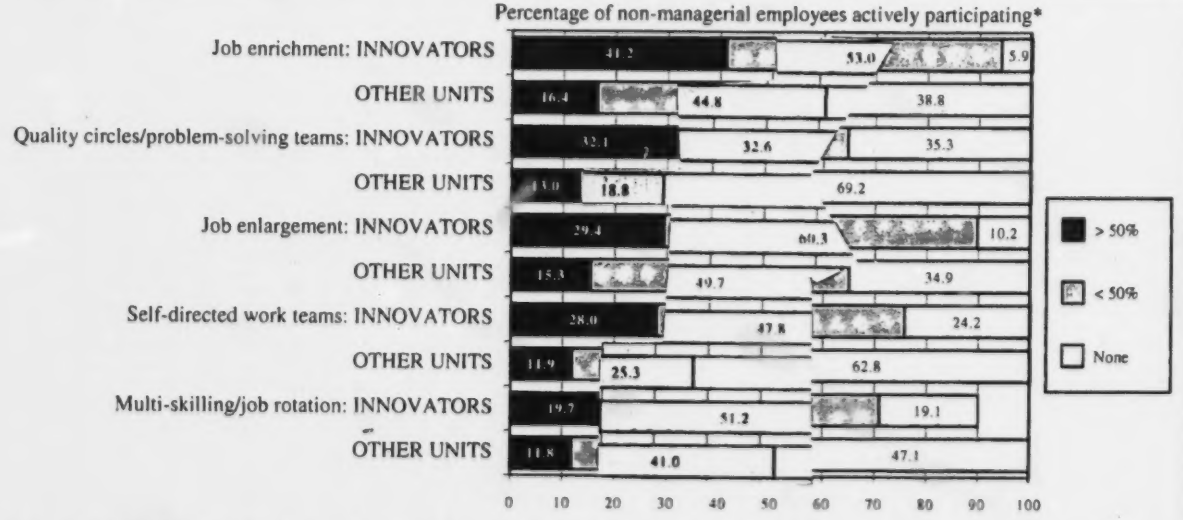
Just over one in four (28 percent) of the units in the survey scored "high" on at least three of these five indicators of innovation (that is, they were in the top third of the distribution on three of the five measures). At the core of workplace innovation is functional flexibility – which really introduces new ways of designing jobs. Comparing the high-innovation units with all other units on the types of functional flexibility listed above, it is clear that the innovative units make significantly more extensive use of these flexible approaches (see Figure 17) based on the participation of non-managerial employees. Still, only a minority of the innovative units (from 20 to 41 percent, depending on type of job design) have involved more than half of non-managerial staff. This key finding suggests that these innovative practices are not yet widely diffused.

Using multivariate statistical analysis, we identified the factors that best predicted which units were in the "high innovation" group.[44] Essentially, we assessed the impact of each of the following factors after taking into account the effects of all other factors: jurisdiction; unit size; unit function; unit occupational structure; emphasis on public accountability; unit manager's autonomy; restructuring strategies used; workload change; work content change; employees' access to technology; and use of various flexible staffing and human resource management practices.

The most innovative units, compared with all other (less innovative) work units, were more likely to be run by managers with greater autonomy, to have experienced substantial changes to the content of the work performed in the three years leading up to the survey and to have a high proportion of workers with access to the Internet. Jurisdiction has a negligible influence on the level of innovation, although slightly fewer work units in Alberta are in the high innovation group when compared with the federal government (the comparison category in this analysis).

Figure 17

Participation of Non-managerial Employees in Flexible Job Designs, Comparing "Innovative" Workplaces with All Other Workplaces, Five HRG Project Jurisdictions, 1998



* Based on extent of participation at the time of the survey, as reported by unit managers. See pages 51 to 59 for a description of innovative workplaces. Differences in levels of employee participation between innovative units and the comparison group of all other units is statistically significant ($p < 0.001$, Chi-square test) for all types of job designs reported.

Source: Survey of Workplace Issues in Government.

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In order to determine if the five flexible practices that define "innovation," listed above, are associated with the use of specific approaches to staffing, we included measures of the percentage of work unit employees who are permanent full-time, part-time, on long-term contract, temporary, on shiftwork, job-share, work compressed weeks, work-at-home/telecommute, or have phased-in retirement. Of all these human resource management practices, only two – compressed workweeks and telecommuting – involved a significantly higher percentage of staff in the high innovation units, compared with other units.

According to these findings, the unit manager plays a pivotal role in creating workplace innovation. A prerequisite for innovation is a manager who can take a leadership role in initiating change – in short, who has "autonomy." To put this in context, the managers who responded to the survey were at the director level and as a result were limited in how far they could experiment with new ways of working. In most cases, these managers reacted to central edicts, did not consult staff or unions and operated in a "crisis management" mode. Unit managers have the least autonomy when it comes to compensation. Their autonomy also was restricted in the areas of technological change, job design, budgets and organizational change. Manager autonomy was highest and had increased the most in the previous three years in the areas of quality and client consultation. There also are indications of some increased local manager autonomy in all other decision-making areas – except compensation (see Figures 18 and 19).

The crucial role played by unit managers in spearheading innovative change stands in sharp contrast to the absence of union input into this change process. The vast majority of reps surveyed (88 percent) reported that their union had little or no influence in decisions about job design and work systems.

It is interesting to note that the union reps' perspectives on workplace change corroborate the link we established earlier between training and workplace innovation. Focusing on the small number of workplaces in which unions were involved in job design decisions, we also find more intensive training. While it is difficult to unravel the direction of causality in this regard, from the union reps' perspective, workplaces where unions are directly involved in job design decisions are more likely to be workplaces

Figure 18
Unit Managers' Decision-making Autonomy, Five HRG Project Jurisdictions, 1998

* Based on responses to the question: "How much autonomy do you have as the head of your unit for the decisions related to how your unit carries out its work in each of the following areas?" Answers were recorded on a 7-point Likert scale were 1 = "absolutely no influence" and 7 = "strictly my decision." This figure reports answers of 1 and 2 as "no influence," 3 to 5 as "moderate influence" and 6 to 7 as "my decision."

Source: Survey of Workplace Issues in Government.

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Figure 19

Change in Unit Managers' Decision-making Autonomy, Five HRG Project Jurisdictions, 1996-98

* Based on responses to the question: "Please indicate whether you have more or less autonomy in each of the following areas compared to three years ago?" Answers were recorded on a 7-point Likert scale where 1 = "much less autonomy" and 7 = "much more autonomy." This figure reports answers of 1 and 2 as "less," 3 to 5 as "same," and 6 to 7 as "more."

Source: Survey of Workplace Issues in Government.

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where union members have a high awareness of training opportunities, are satisfied with the way training operates in the unit and have their requests for training approved. The same relationship was also documented for union participation in training decisions. So it is not just managers, but unions as well, who are key players in the process of workplace innovation.

Assessing the Impact of Workplace Change On Organizational Performance

Ideally, the best way to assess the impact of the changes documented above is by a range of outcome measures for both the organization and individual employees. The HRG Project was not designed to directly measure work unit performance or individual workers' assessments of how they were affected by the presence or absence of flexible work practices. However, it does offer several insights about the impact of workplace change from the perspective of unit managers and union reps.

Specifically, close to two-thirds of unit managers believed that the outputs of their unit could be measured, and 60 percent felt that the outcomes of these activities were measurable. Just over half of unit managers surveyed reported that both outputs and outcomes were measurable. So despite growing pressures to measure results, it is not surprising that just half of the workplaces surveyed used any kind of performance measures. In addition, approximately 60 percent of units measured the costs of their services, while only 34 percent measured the benefits of these services. Policy units are the least able to measure their performance given that their output is less tangible and has impacts over a longer time frame. Those units that provide services to the public most commonly use formal performance measures. Overall, the use of performance measures at the workplace level was found to be positively associated with outside pressures for measuring results and the ease by which one could measure such results.

The managers' survey did not set out to define objective performance measures, and as noted above, many units found it difficult to develop such indicators given the nature of the work they do. However, the survey did attempt to document managers' general perceptions of the extent to which their work unit's performance had increased, decreased or stayed the same

in the three years prior to the survey. Based on this subjective assessment, unit managers tended to perceive small improvements in efficiency/productivity, quality and on-time delivery of services.[45] We should note, however, that this stands at odds with union reps' perceptions of changes in unit performance, given that only 27 percent of respondents to the union survey perceive an increase in the quality of client services, compared with 44 percent who detected a decline in quality (see Figure 7).

These discrepancies simply underscore the need to develop objective performance measures that would be viewed as accurate by both unit managers and union reps. Regardless, it is relevant that managers of units that had engaged in the most extensive innovations reported significantly greater increases in quality and efficiency or productivity.[46] Clearly, more research is required to understand how the emergent flexible work organization model contributes to these positive outcomes or, conversely, whether more positive performance outcomes are enabling conditions for innovation.

Looking into the future, the managers' survey findings also suggest that high innovation units are less concerned about low morale (perhaps because it is better) and more concerned about meeting performance standards. The latter may reflect the fact that high-innovation units are more likely to be using formal performance measures to assess the impact of their work and are more likely to measure the financial costs of their services. But again, this is speculation that would require additional research to verify.

Comparing Government and Private Sector Workplace Innovation

Practically speaking, the use of innovative approaches to human resource management and job design is a good indicator of the extent to which workplace renewal is underway. Our evidence suggests that this is indeed the case for about one-quarter of work units in the five jurisdictions. Private sector experience shows that cost cutting and downsizing do not provide the ideal environment in which to launch workplace innovations. This makes our research findings all the more important.

There are no benchmarks for workplace innovation in Canada's private sector. Based on the limited comparisons that are available, it appears that government employers are at least as advanced as private firms in terms of introducing innovative work organization and human resource management practices. For example, Statistics Canada's 1996 Workplace and Employee Survey pilot, which included 748 establishments, found that downsizing and re-engineering were the most common workplace changes.[47] Some 22 percent of establishments surveyed provided flexible working hours, but only to 30 percent of their employees. Despite 37 percent saying they relied more on functional flexibility, few establishments reported new ways of organizing work through such means as flexible job design, quality circles and problem-solving teams, joint labour-management committees and self-directed work groups. The incidence of these in all establishments was low: 7.2 percent, affecting 8.3 percent of employment.

Another national survey in the early 1990s looked at human resource practices in 714 firms with 40 or more employees in three manufacturing industries and in business services.[48] The most important finding is that 70 percent of the firms responding to the survey clung to traditional methods of organizing and managing work.[49] One in five of the firms surveyed had introduced schemes to increase employee participation, such as teams, job redesign and employee involvement schemes. More recent estimates from the OECD put the number of firms that have adopted some form of workplace innovation at about one-quarter of the total in the advanced industrial economies.[50]

Only a minority of Canadian employers has been engaged in innovative workplace practices, whether in the public or the private sectors (comparisons with the voluntary sector are impossible given the absence of any relevant research). It is unlikely that the private sector is any more advanced in these respects, although like governments, there will be considerable variation within each industrial sector. Private sector experiences suggest that large firms with business strategies that revolve around people development tend to be the most innovative. This select group of firms should be the reference point for judging future workplace innovation in governments.

7. *The Role of Unions in Workplace Change*

The 1990s were the most turbulent years for public service labour relations since collective bargaining was introduced for government employees in the 1960s. CPRN, as part of the HRG Project, commissioned case studies of how government restructuring, downsizing and budget cutting in the 1990s transformed the labour relations environment in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario and the federal government.[51] According to this research, most governments departed markedly from the style and substance of labour relations of earlier decades, mainly by increased reliance on legislation instead of collective bargaining. Looking at all federal and provincial governments elected or already in power during the 1990s, 11 out of 15 cut their operating costs by imposing unilateral legislated changes on wages and other working conditions of government employment.

The disregard for collective bargaining rights in the 1990s has created a bitter legacy for public service unions. While the key argument for legislated change in the employment conditions of core government employees was deficit reduction, the savings were not large enough to make a significant difference in fiscal outcomes. Indeed, the few governments that did retain collective bargaining turned out to be just as effective in balancing their books – which raises questions about the justifications given for suspending collective bargaining rights.

Limited Consultation

The effects of a centralized, legislated approach that sidelined unions in the government restructuring process trickled down to the work unit level. It is not surprising, then, that 36 percent of reps responding to CPRN's Survey of Union Representatives reported a deterioration in the quality of

labour-management relations, compared with 26 percent who reported improvements (38 percent reported no change).

Another significant feature of government restructuring, especially at the workplace level, is that it rarely involved active input from unions or their members. Fully 78 percent of employees in the work units reporting in the managers' survey belonged to a union, yet managers reported meeting with union representatives only when there is a problem. Only in exceptional cases are unions involved in strategic planning, budgeting, organizational or technological change, staffing decisions, training decisions, or scheduling time off. Work unit managers tend to see their relationship with unions determined by what happens at the central level.

Typically, managers dealt directly with employees on workplace change issues, rather than through their union. Direct information sharing was widespread, with over 80 percent of managers reporting this, and in 75 percent of these cases more than half of the unit's employees participated. Issues on which information was shared included work organization, tech change, quality issues, changes in organizational structure and strategic planning. Other forms of employee involvement (attitude surveys, suggestion programs and quality circles/problem-solving teams) were found in fewer than 40 percent of units.

Joint union-management initiatives do exist, but operate at a higher level than the work unit. The most common are joint health and safety committees, which in most jurisdictions are mandated by legislation. Generally, unit managers reported cooperative relations with the local union rep, which bodes well for more joint initiatives at the front line.

The centralized structure of public employee unions contributes to the limited involvement of union representatives at the workplace level – yet this is where unions can be most relevant for members. Among the reps surveyed, union decisions about workplace change were made at the local (branch) level or headquarters, not by workplace representatives. What union reps say they need from their unions is more information, new strategies, resources and support so they can help members deal with workplace change.

Reps also strongly supported greater latitude for decision making among front-line supervisors and unit managers. This suggests that if workplace

managers are able to consult their staff and union reps about changes, negative effects may be minimized.

Union Responses to Restructuring

In general terms, restructuring has had serious implications for unions that could undermine their long-term viability. Downsizing and restructuring resulted in a decrease in union membership. Management increasingly by-passed the union on workplace issues, going directly to the members, which no doubt undermined member loyalty to their union. There also was an upward trend in the number of grievances filed during the three years covered by the study.

Given the overall negative impact of workplace change perceived by union reps at the workplace level, it is surprising that the unions did not more forcefully oppose government restructuring. In fact, 43 percent of respondents thought their union local had responded cooperatively to management initiatives to change the workplace, while 30 percent stated the union had reacted by resisting. In terms of strategy, 49 percent described their local's response as proactive, while 30 percent characterized the response as reactive. Just over half of the union locals adopting a cooperative stance were proactive in their strategies. By comparison, the largest group of resistant unions (39 percent) was reactive in their strategy.

What is most interesting about these survey findings is that union strategy was related to both the quality of work life and labour relations in the workplace. For instance, only in 5 percent of work units where unions resisted management's restructuring plans did the quality of work life improve, compared with 16 percent of those units in which unions responded more cooperatively. Similarly, the quality of labour-management relations was more likely to have decreased in units where the union was resistant, compared with an overall slight increase in the quality of union-management relations in units where the union took a cooperative approach. These union responses are one side of a two-way street, so we need to know more about the approach taken by management before drawing firm conclusions.

On an optimistic note, the union reps' survey found that union participation in planning decisions about job design and work systems was associated

with positive results for union members, as well as for labour relations in general. Union involvement was linked to greater worker autonomy to decide how work gets done and with greater union member input into decision making. Stability or improvements in the quality of labour-management relations also was related to union involvement. Above all, these findings underscore the importance of directly involving unions in the process of workplace innovation.

Rebuilding Labour Relations

Union representatives can offer a complementary and constructive perspective on workplace change. When their perceptions are at odds with how unit managers see things, it is important to understand why. This is a first step toward rebuilding healthy labour-management relations. For example, while most managers reported improvements in the quality of the services provided, union reps were more likely to report a decrease in service quality – a discrepancy worth investigating. Furthermore, while the union reps surveyed rarely participated in training decisions, increasing the opportunities for unions to have input into training plans could contribute to the efficacy of training.

By taking a unilateral approach to workplace change, governments have eroded traditional avenues of union-management relations. Only 27 percent of union reps surveyed stated that in the three years prior to the survey, collective agreements had addressed the need for workplace change guidelines and protections; an equivalent number reported a decrease. Labour-management committees did exist and, if reinvigorated, could provide forums for increased involvement of unions in future workplace planning. However, new mechanisms for jointly addressing local workplace issues also are needed.

Unions seem open to more consultation. The vast majority of union reps (80 percent) support more labour-management training on workplace change issues and labour-management discussions on issues of mutual concern during the term of a collective agreement.

8. *Implications for Creating the Future Public Service*

Canada's governments want to become "employers of choice." Many are striving to be more flexible, knowledge-intensive and learning-based. Reaching these goals will require nothing short of a bold new human resource strategy that can promote change within each government workplace – a strategy that encourages new ways of organizing, managing, supporting and rewarding people. Future human resource challenges span the areas of work reorganization, human resource management and development, compensation and industrial relations. An integrated approach that knits together workforce renewal and workplace reform therefore is essential.

There is some urgency to putting these ideas into action. Governments face renewal challenges in a different context than the private sector. The pace and scope of change within government work units has been breathtaking by private sector standards. Compared with the private sector, governments are up against more acute demographic pressures, their skill requirements are rising fast, and their extensive reliance on information technology places a premium on its effective use. Unlike the private sector, governments' ability to provide economic rewards to knowledge workers is constrained. And unions need to be brought into the change process as active contributors, which is not an issue for most private sector employers.

What may make these challenges less daunting is the HRG Project's finding that some of the choices needed for the future already are being made in government. It appears that a small but critical mass of government work units have moved in the direction of innovative job design and human resource management practices. Indeed, by far the most encouraging finding from the HRG research is that over one in four work units surveyed had moved toward a new flexible model of workplace organization based on skills, participation and teams. But this emergent flexible

workplace is only one element of a broader human resource strategy and, furthermore, those changes require fertile ground to take root.

In this final section, we outline the specific implications of the HRG Project's research for decisions and actions aimed at workforce renewal and workplace reform. In light of the remarkable diversity of government work units – from policy and administrative functions to scientific, technical and regulatory functions – we believe it is more useful to present general principles rather than specific recommendations for action. In this respect, an effective human resource plan would provide the scope and support required for unit managers, employees and union representatives to adapt guiding principles to their particular circumstances and needs.

Building Knowledge-based Learning Organizations

Creating the conditions that support higher-level skill development and, more broadly, active learning – as well as the use of these capacities – must be a key goal of governments' human resource development plans. Governments train more than most Canadian employers and, furthermore, are doing more training than in the past. Yet this may not be enough in the face of rapid organizational and technological change and steady up-skilling. The training gaps and barriers noted above must be eliminated.

Yet governments today want to do more than just train – they are striving to become learning organizations.[52] This makes it important to track and anticipate the learning and skill development needs of not only knowledge workers – managers and administrators, professionals and technical staff – but all staff. Furthermore, a more highly skilled and educated workforce will expect to participate in decisions and to have more autonomy in how they do their job. Thus, in order to create learning environments, governments must place ongoing learning and skill development at the centre of comprehensive human resource development strategies.

Governments also are technology-intensive, which is partly what makes them knowledge-based organizations. There is an organic relationship between the use of technology, skill development and new forms of work organization. As a tool, information technology is only as useful as the organizational context in which it is imbedded. This requires careful attention to finding the optimum fit between technology and the people

who use it. Ongoing training and learning are essential to unleash the potential of this technology. Thus employees need to be supported in acquiring the skills and responsibility needed to ensure the effective, and even creative, use of technologies. Organizational contexts must be redesigned to ensure that the efficiency-enhancing potential of technology is tapped. These same conditions can also provide more rewarding work for government workers.

Recruitment and Retention Strategies

The demographic transformation of government workforces now underway demands new and more flexible approaches to human resource management. As baby-boomers are replaced, the workforce will become more diverse in terms of age, experience and cultural backgrounds. There is no doubt that competition to recruit for entry-level positions will intensify, especially if the national unemployment rate stays close to its current low level.

A variety of recruitment strategies will be required in order for governments to meet their needs for new talent. This could include bringing in experienced, mid-career workers and offering more opportunities for secondments from other industries – initiatives that will require a loosening of civil service employment rules. Yet most new recruits likely will be at the entry or junior levels. Consequently, the experience gap will grow substantially with the departure of large numbers of senior staff. Closing this gap demands flexible models of work and careers – such as phased-in retirement and lateral movement within and across departments for mid-career staff – which will speed up the learning process through the transfer of knowledge from the departing generation to the new generation of civil servants.

More fundamentally, these succession concerns call for rethinking the traditional bureaucratic approach to government careers. In the old bureaucratic model, with its many classification levels, exits from one level trigger a sequence of staff movements up from lower levels, assuming that all levels have adequate numbers of qualified people able to take on larger assignments. But this process of bureaucratic recruitment and career ladders breaks down if most of the workers are middle-aged and the system is not expanding to bring in junior staff.

At issue is how to realign public service careers with the rapidly changing context and content of government work. Recent programs in the

federal government and some provinces to develop the internal executive recruitment pool are essential first steps, but only partly alleviate the problem. Alternatives to the bureaucratic career model also must be considered.[53]

For example, a flatter, team-based form of organization that values horizontal career mobility may be better adapted to current and future demographic trends.[54] In this option for organizational redesign, horizontally and vertically integrated teams would bring together experienced senior staff with junior staff from across complementary functions, along with new recruits and student interns. This team approach would be more flexible, provide mentorship for new recruits, enable knowledge transfer from senior to junior staff, and have the potential to create more challenging work for everyone involved. Some areas of government, particularly policy units, have considerable experience with this type of team-based approach. Diffusion to other functions could benefit from a careful assessment of the advantages (and disadvantages) of different team designs so that the most suitable form is found for each type of workplace.

Of course, these suggestions would require more flexible job classification systems. The federal government and some provinces currently are simplifying the complex regulations and procedures that define jobs and careers, but more aggressive actions in this direction likely will be required to cope with the coming demographic crunch.

Also central to workforce renewal is the goal of making government workforces more representative of Canadian society. This will involve more than just "numbers" to meet equity targets. As governments do catch-up in recruiting from visible minority and Aboriginal communities, achieving an inclusive workplace will require comprehensive diversity policies aimed at making these new recruits feel welcome and encouraged to stay. Generally speaking, human resource management policies will need much greater scope to address the different career and personal needs of these diverse groups, whether due to cultural background, gender or different stages of the life course.

Rewarding Work Environments

Recruitment and retention also will be more attainable by taking a holistic view of work values and rewards. The growing proportion of

knowledge workers in government is raising the bar when it comes to intrinsic job rewards. New human resource management strategies must give higher priority to meeting these needs.

This is especially important for public sector employers who in many areas of "knowledge work" cannot match the salaries offered in the private sector. So the attractions of government jobs that come from providing a public service, career development opportunities and challenging work must be highlighted. Providing a high quality work environment thus becomes indispensable for finding and keeping talented staff.

To the extent that governments can offer personally rewarding work, they stand a better chance of attracting and keeping motivated and skilled workers of all ages. A balanced approach is important, striving to tie the positive features of government work environments and the challenges and opportunities of government careers to both recruitment and retention.

To this end, public service commissions need to document the intrinsic (non-economic) rewards of government work, highlighting the positive features to young prospective recruits and taking actions to address shortcomings. There certainly is a basis for "branding" government as the place to make an important social contribution through continuously challenging work. However, current job descriptions, bureaucratic structures and staffing rules continue to limit the extent to which government jobs can meet the career aspirations of younger, well-educated recruits.

Yet to make job quality just a "youth" or "recruitment" issue sends the wrong signals to existing, older employees, with potentially demoralizing effects. Indeed, providing all employees greater autonomy, opportunities for participation, recognition, feedback and information could be seen as prerequisites for gaining the motivation and commitment needed for optimum job performance throughout the public service.

Resolving Compensation Dilemmas

Governments and public employee unions will face difficult challenges when setting or negotiating appropriate employee compensation levels, given the broader labour market and demographic trends described earlier.

One of the greatest dilemmas ahead for government employers is finding a balance between equity principles and the need to respond to a far more competitive labour market.

Many of the new workers needed by government will have the same specialized skills needed in the private sector, creating competition for staff. However, the private sector is far less constrained than governments when it comes to offering financial inducements. For example, stock options simply are not available in the public sector and the public would not tolerate paying top government managers CEO-level salaries. Governments are more influenced by equity principles, the main result being that the male-female pay gap in government is significantly less than it is in the private sector – a desirable public policy outcome, but one that raises the apparent overall wage "premium" in government.

The trend to smaller, more efficient government means that the number of people employed will not be rapidly increasing, as it has in earlier periods of prosperity. However, governments' rising skill requirements will concentrate growth in more knowledge-based jobs. Consequently, governments' overall wage bills will experience upward pressure from skill shortages in the labour market and the need to retain and recruit knowledge workers.

In order to address these dilemmas, at least two complementary changes are required. The first is a less rigid approach to compensation, based on variable pay tied to performance contracts and specific skill sets. In some jurisdictions, performance-based pay is available at the executive level, and in some cases for managers, and these principles could be extended more broadly using a variety of approaches, which range from individual-based to team- and work-unit-based. The basic intent of these flexible compensation systems is to more fully reward the initiatives of individual workers and the performance of units. While some private sector unions have negotiated variable pay schemes in other industries, a stumbling block will be negotiating an approach that addresses the concerns that public service employee unions have voiced. More difficult, however, will be creating the flexibility required to recruit in high-demand areas, such as information technology.

The second is through non-monetary job rewards, as outlined above. These would complement pay incentives by designing public service jobs

to be more personally rewarding to potential recruits and continuing employees alike.

The third change, and most immediate, is to address the heavy workloads that resulted from cuts and restructuring in the 1990s. For some existing workers this may be an important aspect of workplace renewal. For example, the unit managers we surveyed identified employee burnout and fatigue as one of the big future challenges they face. As a start, governments should devise fair ways to compensate all employees for extra work and set workloads at physically and psychologically sustainable levels, thereby addressing both sides of the effort-pay equation.

Finding Common Ground for Unions and Management

We have identified many signs that labour-management relations are in need of repair. But as the Fryer Committee on Federal Government Labour-Management Relations suggests, a unilateral approach to labour relations has resulted in a lack of trust between unions and management, making it difficult for the two parties to jointly arrive at bold new solutions to pressing human resource management issues.[55]

The crux of the problem is that existing structures for labour relations in government are centralized, cumbersome and revolve around collective bargaining cycles rather than ongoing consultations. These characteristics do not lend themselves to union involvement at the workplace level. The lack of positive collaboration that currently defines the labour-management relationship is a lose-lose situation for management, unions and their members. Management decisions lack the constructive input of front-line staff, unions risk becoming less relevant to their members, and workers are denied opportunities to actively participate in reshaping their workplaces.

It therefore is important for government managers to acknowledge that from the unions' perspective, workplace restructuring and change was experienced as "doing more with less" and a reduced quality of work life for members. Yet our research revealed that in the few instances that management and unions cooperated in planning workplace change, this had

a positive bearing on front-line labour relations and quality of work life. The fact that union reps support giving greater authority to unit managers and supervisors could also open the way for more consultation at the workplace level.

Furthermore, the HRG Project identified some common ground for developing a shared agenda for action. The managers and union reps we surveyed identified four quality of work life issues that demand immediate attention: low morale, stress, workload and burnout. Addressing these and other quality of work life and human resource issues would be a first step toward rebuilding trust and creating a foundation for further collaboration.

Enabling Workplace Innovation

There is no universal formula for the emergent flexible model that has the potential to transform government bureaucracy in ways that will directly contribute to the goals of workforce renewal and providing high quality public services. The ideas presented in this report are intended as basic principles that must be custom-fit to the needs of particular workplaces, given the great diversity of functional units within governments. In other words, central agencies of government, or a think-tank for that matter, cannot prescribe a master plan for workplace innovation. The most constructive role in this regard for central agencies, in cooperation with departmental human resource professionals and unions, would be to create the *enabling conditions* for positive changes to occur within workplaces. As we argued when discussing Figure 3, above, without enabling conditions, workplace innovation cannot proceed. We now introduce this model of the virtuous circle of workplace innovation, building into its centre the followng enabling conditions, which are described below:

- Document the impact of organizational change;
- Share information about flexible practices;
- Decentralize authority for workplace change;
- Remove barriers to innovation; and
- Encourage union-management collaboration.

Figure 20
Enabling the Virtuous Circle of Workplace Innovation

1. Flexible job designs, compensation, and human resource practices
2. Enhanced skills, knowledge and learning
3. Improved quality of work life
4. Employer of choice; improved recruitment and retention
5. Efficient and effective public services
Enabling conditions:
• Document the impact of organizational change
• Share information about flexible practices
• Decentralize authority for workplace change
• Remove barriers to innovation
• Encourage union-management collaboration

Source: Figure 3, p. 10

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Document the Impact of Organizational Change. Judging the effectiveness of new human resource strategies depends on developing measurable outcomes that are meaningful for individual employees, work units, and the public. The reason that the HRG Project did not examine organizational outcomes is that the tools needed to accurately gauge the effectiveness of service organizations, whether in the public or private sectors, are still in the early stage of development. Accurately assessing the value of government services is inherently complex. This is because intangibles are involved, such as information and knowledge, which may have diffuse impacts over an extended time period. Still, we did find some evidence (although not strong) that workplace innovation is associated with the actual use of performance measures and, furthermore, possibly higher levels of service quality and productivity. Developing tools to better measure outcomes is part of the challenge of building knowledge-based organizations, so in this regard, it is a positive sign that there is movement in this direction in the five jurisdictions studied.

Share Information about Flexible Practices. Documenting and communicating successful examples of workplace innovation will help unit managers, in collaboration with staff and local union reps, to explore what options are available. This does not happen enough in most large organizations, never mind in government. For example, investments in training – crucial to the high-skill, flexible workplace – typically are not adequately assessed for their value to the individual trainee and the organization. Needed is more information sharing within and across departments about what works and what does not, whether in regard to training or other human resource management and work design practices. This could form a useful inventory of effective workplace practices, showing the processes by which locally appropriate choices about workplace change were made. The key is to understand under what conditions specific clusters of mutually reinforcing innovations produce the best results. Setting targets for rates of diffusion and levels of employee involvement could be part of a comprehensive human resource development plan.

Decentralize Authority for Workplace Change. The distinguishing feature of innovative work units is that their managers had more latitude to implement new approaches to job design and human resource management. The spread of such practices, then, depends on providing front-line managers with the authority needed to initiate flexible practices, fully supported

by the executive levels and human resource professionals. Managers require training and other resources (e.g., time) in order to make informed decisions about the process and direction of change. Non-supervisory workers and union representatives also must be delegated some of the responsibility for change. All of this should be possible to achieve without weakening the principle of ministerial responsibility, given the emphasis on finding better ways of meeting governments' public service goals.

Remove Barriers to Innovation. Crucial too is an awareness of the barriers to workplace change so they can be overcome. If governments choose to encourage a shift to the flexible workplace model, it would help to develop a thorough understanding of the factors that encourage or inhibit innovative initiatives on the part of unit managers.[56] More generally, major barriers to organizational change are: resistant managers reluctant to give up real or symbolic power; a climate of low trust between workers and managers; adversarial labour relations; a one-off approach to change; overlooking how other human resource management policies and practices may unintentionally block specific reform initiatives; and instituting reforms in response to an immediate crisis.[57] Addressing barriers also may require shifts in the culture of an organization. In this regard, workers and managers must create a shared commitment to putting people first, which means having to restore higher levels of mutual trust.

Encourage Union-Management Collaboration. More collaborative approaches to union-management relations and employee involvement will provide fertile ground for diffusion of innovative practices. The involvement of unions in workplace change and in human resource planning can improve the effectiveness of these programs and their acceptance by union members. Yet many of these directions will challenge traditional union stances, requiring more flexibility and variety across units. That requires union leadership to take a fresh look at human resource management approaches for a high-skilled, knowledge-based and diverse public service.

Embarking on the process of organizational renewal requires practical tools that can guide action. To this end, we provide a checklist as a starting point for discussions at all levels aimed at expanding the virtuous circle of workplace innovation. Based on various findings from the two surveys, Figure 21 summarizes the state of progress by the end of 1998 in the five jurisdictions we studied. This summary highlights three points:

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Figure 21

A Checklist for Workplace Innovation

Type of Innovation†	Five government jurisdictions in the HRG Project*			Your workplace	
	Low diffusion	Moderate diffusion	High diffusion	Used now?	Needed?
ENABLING CONDITIONS:					
Labour-management collaboration	✓				
Decentralized authority	✓				
Open communication about workplace changes		✓			
Remove barriers to innovation+					
WORKPLACE TOOLS:					
Information technology			✓		
Training			✓		
WORKPLACE PRACTICES: †					
Flexible work arrangements		✓			
Job enlargement		✓			
Quality circles/problem-solving teams		✓			
Job enrichment		✓			
Self-directed work teams		✓			
Employee involvement		✓			
Flexible pay and incentives	✓				

* The low, moderate and high rates of diffusion indicated in this figure summarize various findings from the two HRG surveys. Broadly speaking, low diffusion refers to innovations found in fewer than 35 percent of work units, moderate diffusion includes innovations used in 35 to 65 percent of units, and high diffusion includes 65 percent or more of units. These are approximations for illustrative purposes only.

\+ Not examined in the two HRG Project surveys.

† Definitions of these innovations can be found on page 46.

- These five governments have not moved very far on the enabling conditions, suggesting that central agencies can do a lot more to foster a climate of workplace renewal, especially in terms of labour-management collaboration and the delegation of authority to work unit managers.

- While training and information technology – foundational for knowledge-based organizations – generally are in place, some governments (and work units) lag behind and so must quickly catch up.

- While innovative workplace practices are progressing at a fairly impressive pace in government, there remains a large untapped potential for organizational reform that will improve the quality of working life and contribute to more effective public service. Thus it is especially important that every government work unit reflect on how flexible, innovative practices can be adopted.

The extent of innovation estimated in Figure 21 is intended to illustrate where change has already been made and where it is most needed. In terms of levels of diffusion, the distinction between low (generally present in less than 35 percent of work units), moderate (found in approximately 35 to 65 percent of units) and high (found in more than 65 percent of units) is somewhat arbitrary, intended to generate discussion and critical reflection on how much positive change has already occurred in these areas. Specific departments or units will need to set their own targets to gauge progress.

Reflecting on what we have learned from this research project, we are impressed by what public service managers have achieved in the past five years in spite of the extraordinary turbulence in their work environments. We started out to explore the relatively unknown territory of the public sector workplace, which is usually lost in studies that focus on government-wide or cross-departmental trends. The research has raised many questions that cannot be answered without much more study. We are convinced, however, that workplace renewal presents an opportunity to make substantive progress toward two complementary goals – a better quality of working life for the knowledge workers who will dominate public service work in the 21st century and a more efficient and effective public service.

In the current and prospective environment, governments have no choice but to become employers of choice. We think it can be done.

Appendix A

Human Resources in Government Project Research Design and Methodology

1) Survey of Workplace Issues in Government

The Human Resources in Government (HRG) Project focuses on the nature and impact of government restructuring and changes in human resource practices at the workplace level. In order to document changes within workplaces, CPRN designed and conducted two surveys – one of managers in government (the Survey of Workplace Issues in Government) and the other of representatives of key public service unions (the Survey of Union Representatives). Both surveys were conducted in the jurisdictions that sponsored the HRG Project – the federal government and the Provinces of Alberta, Manitoba, Nova Scotia and Ontario. Ekos Research Associates conducted the surveys on behalf of CPRN.

Designing and implementing the Survey of Workplace Issues in Government required a great deal of planning and coordinating, since the methodology involved fielding the survey simultaneously in a number of jurisdictions. The survey design benefited from the advice provided by the members of the project Advisory Committee and by additional ideas and insights provided by a small group of experts at a research design workshop held in Spring 1997.

Pre-testing of the survey took place in Fall 1997. This resulted in revisions to the survey instrument and fieldwork methodology. The survey was fielded in the Provinces of Nova Scotia, Ontario, Manitoba and Alberta during May and June 1998 and in the federal government during December 1998 and January 1999.

Two weeks prior to the commencement of the telephone contacts, all managers in the participating jurisdictions were sent an advance memo informing them of the purpose of the survey and encouraging them to participate, if contacted. The appropriate senior official in each jurisdiction signed this memo. In the case of the federal government, the advance memo was signed jointly by the Chief Human Resources Officer at Treasury Board of Canada, Secretariat and the President of the Public Service Alliance of Canada.

The survey consisted of a brief telephone survey and a detailed mail-back questionnaire. The purpose of the telephone interview was to establish the size of the unit and collect other basic information regarding the nature of the work performed by the unit, the length of time the unit had been in existence and the length of time that the manager had held that position. Interviewees who had occupied that managerial position for less that six months were excluded from the mail-back portion of the survey since many of the questions concerned the nature of changes that had taken place in the unit over the past year and up to three years previously. Because 30 percent of the sample had been unit heads for less than three years (but longer than six months), they were asked to report changes during the previous year only.

Targeted respondents consisted of managers of units of between 5 and 100 workers. Smaller units were excluded because pre-testing of the questionnaire showed that small units were unlikely to have structured human resource practices in place. Larger units were excluded because the pre-test showed that managers would find it difficult to answer questions about working conditions and workplace practices.

The sample list was obtained from Cornerstone List Publishers, which maintains an up-to-date listing of managers in the federal government and in each of the provincial governments (the government employers participating in the research did not have such lists).

We are confident that the survey results are representative of all work units in the five participating jurisdictions, given that all managers of units of 5 to 100 people were included in the survey in the four provinces and a sample of about half the managers at the federal level were included at the telephone contact stage. Of the initial sample of 3,087 managers in the five

jurisdictions, contact was made with 1,896. A total of 1,518 telephone interviews were completed and within a few days, each of these was sent the mail-back questionnaire to complete. Useable completed questionnaires were received from 802 of these. The average size of the units sampled was approximately 30 workers (full-time equivalents).

See: Anil Verma and Zsuzsanna Lonti (2000), "Changing Government Workplaces," CPRN Discussion Paper, *Human Resources in Government Series* (forthcoming).

2) Survey of Union Representatives

Early in the planning stages of the HRG Project, it was hoped that the managers' survey and the Survey of Union Representatives would be linked surveys that would include managers and union representatives from the same work units. A research methodology workshop that included experts from some of the major public service unions as well as academics was held in Spring 1998. The discussion at the workshop made it clear that the plan for a linked manager-union survey methodology was not possible, for two reasons. First, the organizational structures of public service unions do not map cleanly on to the organizational structures of government employers. Many of the key unions are organized on an occupational basis. As a result, many workplaces include members of different unions and union locals can extend across departmental lines. Second, the principle of confidentiality prevented us from asking managers to identify the union representatives in their units. Given these considerations, it was decided to proceed with a random sample of union representatives.

As with the managers' survey, the survey was to be carried out in the five jurisdictions that sponsored the Human Resources in Government Project. Only one of the key unions involved – the Public Service Alliance of Canada (PSAC) – was a member of the Project Advisory Committee, however, and this provided a point of access for the survey. In order to be able to proceed with the union survey in the four provinces involved in the project, it was necessary to obtain the cooperation of each of the four key public service unions: Nova Scotia Government Employees Union (NSGEU), Ontario Public Service Employees Union (OPSEU), Manitoba Government Employees Union (MGEU) and Alberta Union of Public Employees (AUPE).

The president of each of the participating unions sent an advance memo shortly before the survey began to their local presidents (or equivalents) explaining the purpose of the survey and encouraging them to participate, if contacted. In addition, each union provided CPRN with a confidential list of the names and contact information for their local presidents (or equivalents).

The survey was designed to be administered by telephone. The survey instrument was pre-tested in Fall 1998, revised, and the final version fielded between December 1998 and February 1999. The goal was to complete a minimum of 500 interviews – 75 in each of the four provinces and 200 in the PSAC, the largest of the five unions participating in the survey. A total of 531 interviews of public service union representatives was completed.

3) Public Sector Employment Trends

This study sets out the overall context for the Human Resources in Government Project, presenting a statistical overview of public sector employment trends throughout the 1980s and 1990s, primarily focusing on changes in the administrative core of the federal and provincial governments. In all, nine key areas of government employment are examined: total employment, employment type, function, occupation, age, gender, employment equity, unionization and pension coverage. Statistics Canada provided the primary data for the study through the Labour Force Survey (LFS), CALURA, the Census and the Public Institutions Division. These data were supplemented by additional information provided by the participating governments of Alberta, Manitoba, Nova Scotia and Ontario and the federal government.

See: Peters, Joseph (1999), *An Era of Change: Government Employment Trends in the 1980s and 1990s*, CPRN Study No. W|03, *Human Resources in Government Series*.

4) Comparing Public and Private Sector Compensation

Understanding how compensation in government compares to the private sector is a central policy issue for governments. Getting the balance right is

important because, on the one hand, excessive pay in the public sector can lead to taxes that are higher than necessary or to budget deficits and inflationary spillovers into the private sector. On the other hand, pay that is too low can lead to problems around recruitment, retention and morale, all of which can jeopardize the effective delivery and quality of government services.

CPRN took a close look at compensation issues, through two commissioned studies. The first of these, prepared by Morley Gunderson (1998) of the University of Toronto, consists of a thorough review of the literature on compensation issues. Gunderson discusses the theoretical factors that influence public-private sector pay differences, how these factors affect changes in the pay gap over time, and the extent to which the gap may vary by factors such as skill level, level of government and function of government. Gunderson reviews the existing empirical evidence, identifying gaps in our knowledge, and sets out a research agenda for filling those gaps.

The second study was undertaken by Morley Gunderson, Douglas Hyatt (University of Toronto) and Craig Riddell (University of British Columbia). Building on the earlier paper, the authors undertake a very detailed statistical analysis of compensation levels in the public and private sectors. They use the most recent data available at that time to draw a picture of "current" compensation levels (1997 Labour Force Survey and 1996 Census) and use data from the Census for 1971, 1981, and 1991 to draw an historical picture. Public-private sector comparisons in pay levels are made after taking account of differences across the two sectors in labour force characteristics, notably age and educational attainment. Gunderson, Hyatt and Riddell then go on to compare pay levels for various occupational groupings and for women compared to men. They find that some groups of public sector workers, especially those in low-skill occupations, were paid significantly more than their private sector counterparts in the late 1990s; others, notably male managers, were paid less than their counterparts in the private sector.

See: Gunderson, Morley (1998), "Government Compensation: Issues and Options," CPRN Discussion Paper No. W|03, Human Resources in Government Project; and Gunderson, Morley, Douglas Hyatt and Craig Riddell (2000), "Pay Differences between the Government and Private Sectors: Labour Force Survey and Census Estimates," CPRN Discussion Paper No. W|10, *Human Resources in Government Series*.

5) Public Sector Labour Relations

CPRN commissioned Gene Swimmer (Carleton University) to direct a team of academic researchers to examine the changing landscape of public sector labour relations. The result is an edited book that presents six case studies of labour relations between the federal government, five provincial governments and their respective public sector unions. In particular, the case studies focus on labour relations in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario and the federal government. Each study provides a general overview of the fiscal and political environment of each jurisdiction. This is followed by an examination of how the government attempted to restrain and/or restructure its public service. Finally, each case study examines how the affected public sector unions responded to government restructuring. The final chapter integrates the case study findings and draws out the broader implications. Although the case studies focus primarily on the provincial and federal public service – and to a much lesser extent on education, health and municipal sectors – most provincial governments also attempted to reduce compensation in those areas as well. As a result, some of the case studies include a discussion of the health, education and municipal sectors.

See: Gene Swimmer, editor (2000), *Public Sector Labour Relations in an Era of Restraint and Restructuring*, Don Mills, ON: Oxford University Press.

6) Four Case Studies of Workplace Change

In order to highlight the actual process of change, its implementation and its effects, four workplaces were examined. These case studies, conducted during late 1998 and early 1999, illustrate the types of change occurring within governments. They provide insights about the processes of workplace restructuring and its impact on employees. The case studies relied on key-informant interviews and drew on background documentation provided by these individuals.

See:
Lonti, Zsuzsanna and Anil Verma (1999), "Restructuring the Corporate Function in Government: A Case Study of the Integrated Justice Sector

Corporate Services Division in Ontario," CPRN Discussion Paper No. W|06, *Human Resources in Government Series*, December.

Lonti, Zsuzsanna and Anil Verma (1999), "'Industry Self-Management' as a Strategy for Restructuring Government: The Case of the Ministry of Consumer and Commercial Relations (MCCR) and the Technical Standards and Safety Authority (TSSA) in Ontario," CPRN Discussion Paper No. W|07, *Human Resources in Government Series*, December.

Peters, Joseph and Katie Davidman (1999), "Aeronautical and Technical Services – Natural Resources Canada," CPRN Discussion Paper No. W|08, *Human Resources in Government Series*, December.

Rastin, Sandra (1999), "Outsourcing of the Engineering Design Process in the Alberta Transportation and Utilities Department," CPRN Discussion Paper No. W-09, *Human Resources in Government Series*, December.

Lonti, Zsuzsanna and Anil Verma (2000), "Human Resource Management and Industrial Relations Implications of Government Restructuring: Evidence from Canadian Case Studies," in Colette Bernier, Reynald Bourque, Renaud Paquet and Terry H. Wagar (eds.), *New Forms of Employment and Labour Force Diversification*, Selected Papers from the XXVIth Annual Canadian Industrial Relations Association Conference.

Notes

1 Dwivendi, O. P. and James Iain Gow (1999), *From Bureaucracy to Public Management: The Administrative Culture of the Government of Canada*, Toronto: Broadview Press, p. 130. On the new public management in Canada, see: Aucoin, Peter (1995), *The New Public Management: Canada in Comparative Perspective*, Montreal: Institute for Research on Public Policy; Borins, Sanford F. (1995), "Public Sector Innovation: The Implications of New Forms of Organization and Work," in B. Guy Peters and Donald J. Savoie (eds.), *Governance in a Changing Environment*, McGill-Queen's Canadian Centre for Management Development Series on Governance and Public Management, Montreal and Kingston: McGill-Queen's University Press; Mohamed, Charih and Arthur Daniels (eds.) (1997), *New Public Management and Public Administration in Canada*, Monographs on Canadian Public Administration – No. 20, Toronto: The Institute of Public Administration of Canada; Lindquist, Evert A. (ed.) 2000, *Government Restructuring and Career Public Service in Canada*, Toronto: Institute for Public Administration of Canada.

2 Here and elsewhere in the report we present survey respondents' assessments of changes over the three-year period prior to the survey. We should note that while the large majority or respondents had been managers of their unit for three or more years, just under 30 percent had been in that position one or two years. These individuals were asked to report on changes during the year prior to the survey. If anything, this shorter reporting period would understate the extent of change measured in any of the survey questions.

3 Pollitt, Christopher (1998), "Managerialism Revisited," in Guy B. Peters and Donald J. Savoie (eds.), *Taking Stock. Assessing Public Sector Reforms*, Montreal and Kingston: McGill-Queen's University Press.

4 Workplace Information Directorate, Human Resources Development Canada, (1997), "Innovative workplace practices: case studies. Lessons from nine case studies." *Collective Bargaining Review* (October): 81-88. This report also cites as supporting evidence a review of the recent Canadian research.

5 For an overview of this research see: Lowe, Graham S. (2000), *The Quality of Work – A People-Centred Agenda*, Don Mills: Oxford University Press, Chapter 8;

Appelbaum, Eileen, Thomas Bailey, Peter Berg and Arne L. Kalleberg (2000), *Manufacturing Advantage: Why High-Performance Work Systems Pay Off*, Ithaca, NY: Cornell University Press; OECD (1999), *Employment Outlook* (June), Chapter 4; Betcherman, Gordon (1997), "Changing workplace strategies," in Government of Canada and OECD, *Changing Workplace Strategies: Achieving Better Outcomes for Enterprises, Workers and Society. Report on the International Conference*, Human Resources Development Canada, Applied Research Branch, Strategic Policy, Research Paper R-97-12E/F; Betcherman, G. et al. (1994), *The Canadian Workplace in Transition*, Kingston, ON: IRC Press.

6 Brodtrick, Otto (1991), "A Second Look at the Well-Performing Government Organization," in James C. McDavid and D. Brian Marson, *The Well-Performing Government Organization*, Toronto: The Institute for Public Administration of Canada. Also see: Auditor General of Canada (1988), *Attributes of Well-Performing Organizations*, Extract from the 1988 Annual Report of the Auditor General of Canada, Ottawa: Supply and Services Canada.

7 Ibid., p. 22.

8 OECD (1996), *Integrating People Management into Public Service Reform*, Paris: OECD.

9 Graves, Frank L., *Rethinking Government V: A Year-End Review* (Winter 1998-99), Ottawa: Ekos Research Associates Inc.

10 Statistics Canada, *Labour Force Historical Review 1999*, CD-ROM, No. 71F0004XCB.

11 Picot, G. and A. Heisz (2000), "The labour market in the 1990s," *Canadian Economic Observer* (January), p. 3.9.

12 Treasury Board of Canada (1999), *Public Service Employee Survey 1999: Turning Results into Action*, Ottawa: Treasury Board of Canada, p. 9.

13 These figures are corroborated by a Statistics Canada national survey of e-commerce and business Internet use, which found that over 90 percent of establishments in public administration used e-mail and the Internet in 1999, compared with 53 percent of private sector establishments. Furthermore, 92 percent of employees in public administration had access to e-mail and 82 percent had access to the Internet; comparable private sector figures are 34 and 28 percent, respectively. See Statistics Canada, *The Daily*, 10 August 2000.

14 Comparable data for the private sector are unavailable. However, based on Statistics Canada's 1998 Household Internet Use Survey (the most comprehensive national study on the topic), 23 percent of households have at least one member who uses computer communications (e-mail, Internet) from their workplace in a typical month. Based on this, it seems clear that government employees have substantially greater access to this technology than the rest of the workforce. See: Statistics Canada, *The Daily*, 23 April 1999.

15 In 1997, 36 percent of public sector workers had a university degree, more than double the 15 percent average in the private sector. See: Gunderson, Morley, Douglas Hyatt and Craig Riddell (2000), "Pay Differences between the Government and Private Sectors: Labour Force Survey and Census Estimates," CPRN Discussion Paper No. W|10, Human Resources in Government Project Series, Ottawa: Canadian Policy Research Networks, p. 38.

16 Reich, Robert B. (1991), *The Work of Nations: Preparing Ourselves for 21st-Century Capitalism*, New York: Alfred A. Knopf.

17 Peters, Joseph (1999), *An Era of Change: Government Employment Trends in the 1980s and 1990s*, CPRN Study No. W|03, Ottawa: Canadian Policy Research Networks.

18 Bear in mind that governments will naturally have somewhat older than average workforces, given their growing need for "knowledge workers," who by virtue of having completed post-secondary education will more likely be in their mid- to late-twenties when hired – rather than in their late teens or early twenties.

19 Advisory Committee on Labour Management Relations in the Federal Public Service (2000), *First Report: Identifying the Issues*, p. 10. Based on March 1999 data.

20 Gorber, Timna, Doug Booker and Dajin Li (1999), *Technical Paper: Forecasting Departures in the Executive Community 1998-2007*, Research Directorate, Public Service Commission of Canada (www.psc-cfp.gc.ca/prcb/rd/demo/techpapr).

21 Senate of Canada (1999), *Retention and Compensation Issues in the Public Service*, Report of the Standing Senate Committee on National Finance, First Session: Thirty-Sixth Parliament. Chair, The Honourable Terrance R. Stratton.

22 Office of the Auditor General of British Columbia, *Maintaining Human Capital in the British Columbia Public Service: The Role of Training and Development* (1999/2000: Report 3), p. 10.

23 For details see Peters, *An Era of Change*.

24 Duxbury, Linda, Lorraine Dyke and Natalie Lam (1999), *Career Development in the Federal Public Service: Building a World-Class Workforce*, Treasury Board of Canada, Secretariat.

25 See Peters, *An Era of Change*, p. 51. Employment equity data were available only for these three HRG Project jurisdictions.

26 Note that governments' recruitment pools among visible minorities will be somewhat smaller, given citizenship requirements for employment. Jennifer Chard and Viviane Renaud (1999), "Visible minorities in Toronto, Vancouver and Montreal," *Canadian Social Trends* (Autumn): 20-25.

27 Mendelson, Michael and Ken Battle (1999), *Aboriginal People in Canada's Labour Market*, Ottawa: Caledon Institute of Social Policy, p. 2.

28 See Roger Sauvé (2000), *Countdown: Future Shortages in the Canadian Labour Market*, People Patterns Consulting, (www.telusplanet.net/public/rsauve); Lowe, *The Quality of Work*, Chapter 6.

29 Smith, Jennifer L. and Susan Snider (1998), *Facing the Challenge: Recruiting the Next Generation of University Graduates to the Public Service*, Ottawa: Public Policy Forum/Public Service Commission of Canada.

30 The data reported here are from the 1997 Alberta Graduates' Survey, special tabulation. For details of the study see: Krahn, H. and G. Lowe (1998), *The 1997 Alberta Graduate Survey: Labour Market and Educational Experiences of 1994 University Graduates*, Alberta Advanced Education and Career Development and Population Research Laboratory, University of Alberta, January.

31 These issues were discussed at a March 2000 conference, The Future of Work in the Public Sector, organized by the School of Public Administration, University of Victoria, and the Institute for Public Administration Canada. The conference proceedings are available at http://futurework.telus.com/.

32 Bernard, Robert, Dave Cosgrave and Jennifer Welsh (1998), *Chips and Pop: Decoding the Nexus Generation*, Toronto: Malcolm Lester, p. 199.

33 This survey is part of CPRN's Changing Employment Relationships Project (see www.cprn.org for details).

34 Gunderson, Morley (1998), "Government Compensation: Issues and Options," CPRN Discussion Paper No. W|03, Human Resources in Government Project Series, Ottawa: Canadian Policy Research Networks.

35 Service occupations in government include workers in protective services, food and beverage preparation, lodging and accommodations and "other" services.

36 Gunderson, Hyatt and Riddell, "Pay Differences between the Government and Private Sectors."

37 Lowe, *The Quality of Work*.

38 Duxbury, Dyke and Lam, *Career Development in the Federal Public Service*.

39 Treasury Board of Canada, *Public Service Employee Survey 1999*.

40 OECD, *Employment Outlook*, p. 183.

41 Betcherman, Gordon, Kathryn McMullen and Katie Davidman (1998), *Training for the New Economy*, Synthesis Report, Ottawa: Canadian Policy Research Networks, Chapter 3.

42 Treasury Board of Canada, *Public Service Employee Survey 1999*, p. 13.

43 Office of the Auditor General of British Columbia, *Maintaining Human Capital in the British Columbia Public Service*, p. 9.

44 Logistic regression equations using "high-innovation units – all other units" as the binary dependent variable accounted for between 15 and 37 percent of the variation in the workplace innovation variable.

45 Overall sample means on a 7-point scale (1=greatly decreased; 7=greatly increased) for each item, respectively, was 5.1, 4.9 and 4.7.

46 Specifically, 71 percent of the high-innovation units reported improved quality since the manager became head of the unit, compared with 59 percent of the low-innovation units ($p < 0.05$) and 80 percent of the high-innovation units reported improved efficiency/productivity quality since the manager became head of the unit, compared with 72 percent of the low-innovation units ($p < 0.05$).

47 Statistics Canada and Human Resources Development Canada (1998), *The Evolving Workplace: Findings from the Pilot Workplace and Employee*

Survey, Ottawa: Statistics Canada, p. 16-18. The 1999 WES will provide a more complete picture of workplace innovation but these data will not be available until 2001.

48 See: Betcherman, Gordon (1997), *Lessons Learned from Innovative Workplaces: A Final Synthesis Report*, Background Document for Lessons Learned on the Innovative Workplace, Evaluation and Data Development Branch, Strategic Policy, Human Resources Development Canada, July; Betcherman, *The Canadian Workplace in Transition*.

49 Betcherman et al., *The Canadian Workplace in Transition*, p. 58.

50 OECD, *Employment Outlook*, Chapter 4. This is an estimate based on various studies reviewed in this chapter.

51 Swimmer, Gene (ed.) (2000), *Public-Sector Labour Relations in an Era of Restraint and Restructuring*, Don Mills, ON: Oxford University Press.

52 See, for example, the federal government's initiatives in this area: Canadian Centre for Management Development, June 2000, "Policy discussion paper" and "Directions for the future," reports of the Deputy Ministers' Committee on Learning and Development, Ottawa: CCMD [http://www.ccmd-ccg.gc.ca/publica/index.html].

53 On this point, Evert Lindquist and Gilles Paquet have called for "a new cosmology" of public service careers that would be consistent with the changing world of work. See Lindquist, Evert A. and Gilles Paquet, "Government restructuring and the federal public service: the search for a new cosmology," in Evert A. Lindquist (ed.) 2000, *Government Restructuring and Career Public Service in Canada*, Toronto: Institute for Public Administration of Canada.

54 This basic idea is presented in David K. Foot and Rosemary A. Veene (1990), "Population pyramids and promotional prospects," *Canadian Public Policy* 16: 387-98.

55 Advisory Committee on Labour Management Relations in the Federal Public Service (2000), *First Report*, p. 40-41.

56 The research on public sector workplace innovation is very limited. For additional examples see: Verma, Anil and Joel Cutcher-Gershenfeld (1996), "Workplace innovations and systems change in the government sector," Chapter 6 in Dale Belman, Morley Gunderson and Douglas Hyatt (eds.),

Public Sector Employment in a Time of Transition, University of Wisconsin, Madison: Industrial Relations Research Association.

57 Jackson, Edward T. and Gordon DiGiacomo (1997), "Innovative workplace practices: case studies," *Collective Bargaining Review* (January): 85-89.

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CPRN projects are funded by a mix of federal, provincial, foundation and corporate sponsors.

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